

## Britain on the brink of slide into recession

United Kingdom economic indicators are pointing to a severe recession. Industrialists say gave warning that trading was becoming difficult, and government figures said that stocks were being heavily run down, strength of the pound, record post-war employment and a cut in industrial output all companies' difficulties.

## Major companies face trading difficulties

Online Atkinson and others wipe out the fall altogether. In the last six months, manufacturing investment was 2 per cent down on the previous half year.

Total industrial investment was down by 1 per cent in the latest quarter. The Government's Budget forecast was for a 1 per cent rise in private investment in 1980 as a whole.

A rundown in industrial stocks is one of the classic mechanisms of recession. £570m drop in stocks (measured in constant 1975 prices) in the first quarter of this year was the first for 21 years.

It compares with a government forecast of a £250m drop for the whole of the first half of this year.

It is too soon to dismiss the official forecast, as the steel strike is thought to have accounted for about half of the £270m decline in manufacturers' stocks.

In spite of companies' attempts to run down their stock levels at the beginning of this year, the ratio of stocks to output emerged high. This is because the drop in manufacturing output more than offset the de-stocking.

An economic report published yesterday predicted that Britain would have the lowest growth rate of the major European countries during the first half of the 1980s, and that unemployment would average more than 2,000,000 over the next five years. This depressing view came from The Economist Intelligence Unit, which uses the Treasury's model for its forecasts of the United Kingdom.

ICI reported first quarter pre-tax profits of £152m, an improvement of £54m on the same period last year when the group was hit by the haulage strike. But the group unversed the equity market by saying that, since the end of the period, trading conditions had become "much more difficult" in important areas like fibres, plastics and petrochemicals and that profit margins were narrowing.

Much of the other bad news yesterday was concentrated in the engineering sector. GKN said first half profits would be "substantially short" of the corresponding period last year. Financial Editor, page 19

Tables, page 21

## Wage rises 'must be kept below inflation'

By Hugh Noyes  
Parliamentary Correspondent  
Westminster

Mrs Margaret Thatcher and Sir Geoffrey Howe, Chancellor of the Exchequer, joined forces in the Commons yesterday to reaffirm their determination that pay increases, particularly in the public sector, should remain below the level of inflation.

The message was that the Government had no intention of introducing a formal incomes policy and that one of the best ways of reducing the retail price index, at present 21.9 per cent, was to prevent wages rising higher than prices.

Sir Geoffrey said that over the past three years pay had risen 12 per cent more than prices while output had grown by only 5 per cent. It was crucial to reduce the cash expansion of public expenditure. One contributory factor to the substantial cost of the health service was the increase in salaries.

He reminded MPs that Britain was almost the only industrial country which had not accepted a rate of pay increase several percentage points below price increases.

To Liberal pleas for the introduction of an incomes policy, the Chancellor said that that suggestion would find only a modest degree of support from all sides of the Commons.

He added that as an essential part of reducing inflation, the public sector must secure progressively lower rates of pay.

A few moments later Mrs Thatcher was also emphasising that the only sound policy, which in some ways could be called a pay policy, was to close the gap between increased pay and efficiency. It might be necessary, she said, for some firms to accept a rate of pay increase below the inflation level.

The rate of increase to which the state was entitled was that which was earned, the Prime Minister said; otherwise the extra went on price increases.

Describing the recent speech of Mr Frank Clegg, general secretary of the Electrical, Electronic, Telecommunications and Plumbing Union, as "extremely interesting", Mrs Thatcher added that selfless pay claims meant that other people suffered from increased prices.

Unemployment, the Prime Minister said, would continue to rise over the coming months as the necessary rationalisations and reductions in over-manning were made. That process had to be completed to increase productivity and allow industries to compete.

Replies to a Conservative MP who reminded her that yesterday was the 60th birthday of Professor Hugh Clegg, chairman of the Commission on Pay Comparability, Mrs Thatcher said: "Professor Clegg had recently told me he intended to retire in September."

She appeared to be driving another nail into the coffin of the ill-fated commission when she reminded MP's that its terms of reference were to study feasibility of comparability, whereas most of the references asked for pay recommendations. She questioned whether it was possible to establish genuine comparability between certain jobs.

Secondly, a review is underway of the functions and performance of Whitehall's three central departments, the Treasury, the Cabinet Office and, particularly, the Civil Service Department, whose capacities there has been most complaint from Whitehall and in Parliament over the past four years.

Mrs Thatcher is not committed to the survival of the Civil Service Department in its present form. It seemed at one time that she would wait until the retirement of Sir Ian Bancroft, Head of the Home Civil Service, at the end of 1982 before either merging it with the Treasury or redesigning its personnel and manpower functions.

Her keenness to fulfil her commitment to reduce Whitehall numbers by 102,000 during her first term of office seems now to be leading the Prime Minister towards speedier action.

Civil Service Department officials told the Commons Select Committee on the Treasury and Civil Service on Monday that detailed plans for implementing



Photograph by Harry Keir

Somewhere in London: Mr Ilya Dzhirkvelov, former KGB officer and Tass correspondent, who defected to Britain last month, seen telling *The Times* of his experiences.

He said that all Soviet correspondents abroad were to some extent also agents of the KGB. Their reports reaching the Soviet press were tendentious and selective, while those to the authorities tended to correspond more closely to reality. The authorities

nevertheless preferred an "interpretation" of events that reinforced their belief in the advance of Communism.

At his post in Khartum, he had a meeting every morning with the regular KGB agent to whom he reported his conversations with Sudanese figures. He was dismayed to find in 1971 that Moscow took the unfounded view that Sudan was ripe for a pro-Soviet coup.

Report, page 8

## Mrs Thatcher wants to streamline Whitehall

By Peter Hennessy

The Prime Minister and senior ministers are working on a plan to refashion Whitehall into a smaller, sharper administrative machine capable of implementing the less interventionist style of government Mrs Margaret Thatcher has adopted.

Stimulated by a paper entitled *The Conventions of Government* prepared by Sir Derek Roxon, joint managing director of Marks and Spencer and her adviser on the elimination of government waste, the Prime Minister's plan has developed two key elements.

The first is the opening up of the summit of the Whitehall hierarchy to younger officials of proven merit, which could lead to men and women reaching permanent secretary rank in their late thirties instead of their early fifties.

Secondly, a review is under way of the functions and performance of Whitehall's three central departments, the Treasury, the Cabinet Office and, particularly, the Civil Service Department, about whose capacities there has been most complaint from Whitehall and in Parliament over the past four years.

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## Saudi princess film was 'deeply offensive', Lord Carrington says

By Edward Mortimer

The ATV film *Death of a Princess* was described as "deeply offensive" yesterday in a speech by Lord Carrington, the Foreign Secretary. "It was a bad film," he said, "and I wish it had never been shown."

In a speech at a meeting organized by the Middle East Association, and obviously intended to repair some of the damage done to Anglo-Saudi relations, Lord Carrington recalled that the British Ambassador to Saudi Arabia had been asked to return to London as a "direct result of the Saudis' understandable resentment" of the film, which dealt with the execution of a Saudi princess.

Lord Carrington said he was sorry for the "understandable offence" which the film had caused to the Royal Family in

Saudi Arabia and other Saudis and Muslims everywhere.

He had received telegrams from Muslim organizations all over the world: "Having seen the film I can say that I too found it deeply offensive. Some incidents were clearly based on innuendo and rumour. The new formula of mixing fact with fiction, dramatization masquerading as documentary, can be dangerous and misleading."

Lord Carrington emphasized that it was not the Government's job to ban a film "because we do not like it or even because it hurts our friends."

The Independent Broadcasting Authority was the statutory body established to supervise independent broadcasting," he said: "and we must let it do its job."

He went on to say that he had been: "distressed by

charges that we in Britain are anti-Muslim". He pointed out that there were more than one-and-a-half million Muslims in Britain, and that "more pilgrims travelled from here to Mecca last year than from the rest of Europe and North America combined".

There were mosques in all parts of the country, including the magnificent Islamic Centre in Regents Park, he said.

Lord Carrington said: "It is no good talking about Islam and the West as if they lived in separate cubicles. The two worlds are far more interdependent than ever before."

Common religious and cultural traditions should be respected on all sides. "And I hope we are entitled to expect a responsible approach when such sensitive matters are at issue."

Challenge for prince, page 14

## Government considers abolition of Clegg Commission in tough new pay policy

1 Routledge

Editor

Government is under pressure to actively consider the abolition of the Clegg Commission as part of its new line on public sector bargaining. Senior civil servants expect that the wage frozen body, which has used as a mechanism to squeeze extra pay rises from Government departments, will be wound up.

Important new references have been made to the commission in the past five months. Professor Hugh Clegg, the man due to retire in September, is argued that a value in keeping on a that could undermine the Government's public sector incomes

may be some rebound in the next three as industry recovers the effect of the steel but this is unlikely to

time when its chief beneficiaries, the public employees, are being asked to reject all future involvement with Clegg.

Eight motions to the policy-making conference of the National Union of Public Employees next week call for a boycott of the body whose wage recommendations are dismissed as "humiliating and insulting".

A firm decision on abolition has not yet been taken, but the responsible minister, Mr James Prior, Employment Secretary, is thought to share the misgivings of Cabinet hardliners about the potential mischief that an "escape route" out of the pay policy could do.

Even if the commission is disbanded, it is argued that a comparison capability will still exist either in the Department of Employment or in the Office of

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## Raiders grab £325,000 from security van

Six men, some armed with shotguns and pistols, smashed the windscreen of a Security Express van in Islington, north London, and escaped with £325,000. The thieves blocked the pathway of the van with two stolen cars and held up several drivers of vans and lorries at gunpoint while one of them attacked the security van with a shotgun.

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## Whitehall plea to TUC

The TUC has been asked by the Government to bring pressure on the Civil Service unions to modify their stance in the debate over the introduction of new technology in Whitehall.

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## Baseball players set for strike

American baseball players will go on strike unless a last-minute settlement is reached over proposals to alter the transfer system. Possibly the highest paid athletes in the world, the players fear the proposals will discourage the free agent market system.

Baseball players went on strike for 13 days in 1972.

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Air dispute: A strike over the suspension of three workers halted flights at Luton airport.

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Bristol riot: Community leaders told the parliamentary sub-committee investigating race relations that its visit to the city was a waste of time.

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United Arab Emirates: A 12-page Special Report on the seven Gulf emirates assesses their political and economic climate in the light of the regional crisis.

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Nicholas Wapshot reviews Star Wars: The Empire Strikes Back; and other new films in London: Philip Howard on the National

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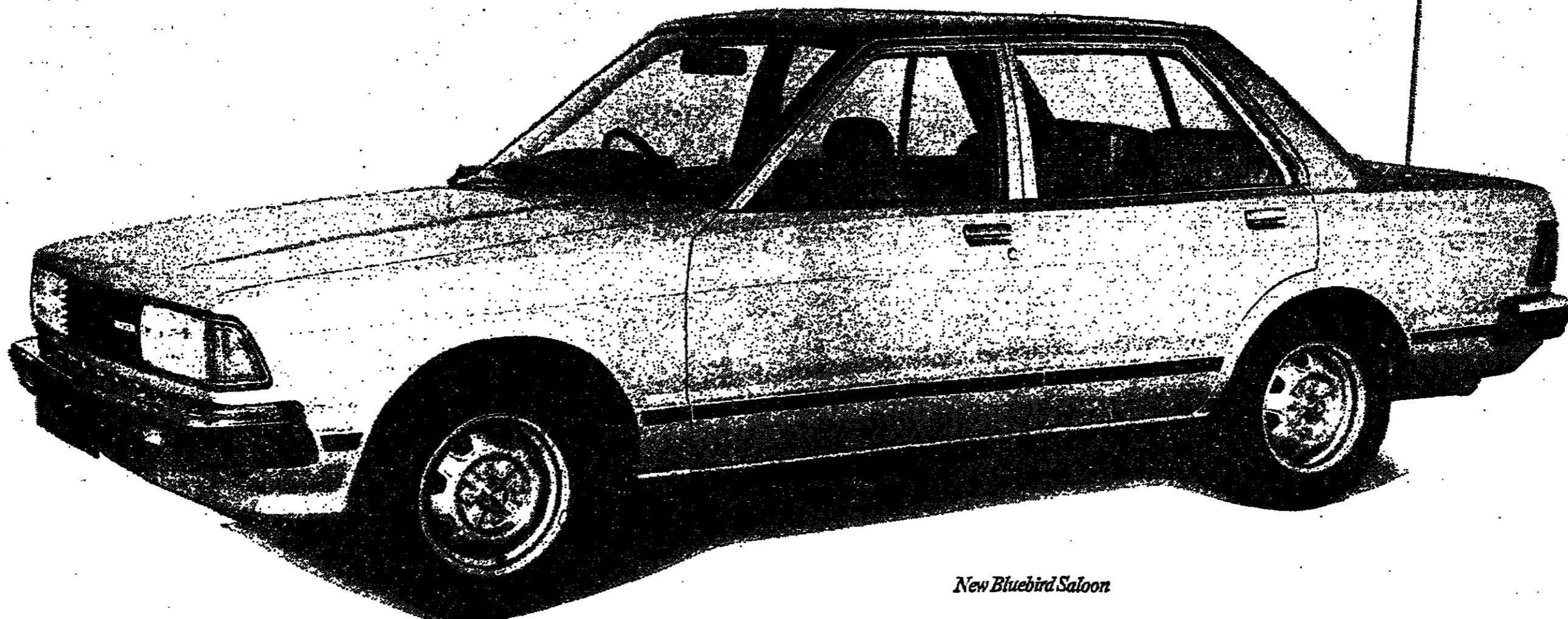
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# The New Datsun Bluebird.



New Bluebird Saloon

## Now, Japan has produced the best car ever for Europe!

This is the New Datsun Bluebird. Handsome, functional elegance in a new shape for Europe.

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Now comes the most exciting Bluebird yet, a car to challenge and beat the best that Europe can offer in the medium car range.

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All incorporated in saloons that now have lots more space and sumptuous comfort for driver and passenger alike, together with a long list of special equipment at no extra cost.

There are four models in the New Bluebird range. Two saloons with the choice of a 1.6 litre or a 1.8 litre engine, a very roomy and good-looking 1.8 litre estate car and a Bluebird coupé with sparkling

performance from a special version of the 1.8 litre power unit. The engines are of modern overhead camshaft design to give 100 m.p.h. performance yet, at the same time, use low grade petrol very sparingly indeed.

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With the New Bluebird range, Datsun have produced an advanced new car that will influence the pattern of motoring in Europe for years to come.

The New Bluebird is at your dealer's showroom now. See it, and test drive it soon.



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## HOME NEWS

# Government urges TUC to press Civil Service unions to modify their stance on new technology

By Donald Macintyre  
Labour Reporter

The Government has appealed to the TUC to bring pressure on the Civil Service unions to modify their stance in negotiations over the introduction of new technology in Whitehall departments. At present a state of deadlock exists.

The move reinforces a ministerial warning that the Government is ready to impose microcomputer systems on the Civil Service if it does not reach rapid agreements with the unions.

The unions' insistence that they will agree to new technology only if there are adequate safeguards, particularly on jobs, was stiffened yesterday when it was given overwhelming backing by the Society of Civil and Public Servants policy conference in Portsmouth.

Mr Campbell Christie, deputy general secretary of the SCPS, warned delegates that if the Government stuck by its "inflexible" line there would be "major difficulties" in several parts of the Civil Service. A number of computer projects have already been held up by union resistance.

The Government's view is set out in a text circulating in Whitehall of a statement made this month to the National

Economic Development Council by Mr Paul Channon, Minister of State in the Civil Service Department.

He recalled that it had originally been hoped to propose a central new technology agreement in time for the Civil Service union conferences now being held, and asked the TUC members of NEDC to use "their good offices" to influence the Civil Service unions.

While the Government wanted an agreement, it would if necessary have to insist that new equipment must be used despite union opposition. Obligations to the taxpayer as well as to the staff dictated that the Government could not conceivably allow everything to be frozen and no progress made for another 12 months until the 1981 conference.

Mr Channon said that new technology could be used to improve services and job satisfaction. Masspower reductions should be achieved through natural wastage; but the Government could not accept that there would be no reduction in jobs.

Both sides said yesterday that they wanted to resume negotiations, though the distance between the two presents large obstacles. The TUC is restricted in the pressure it can apply by its policy, which opposes job losses and calls for a reduction of hours.

Mr Christie told the SCPS conference yesterday that the union was not inflexible in its policy, and indeed had made the first initiative towards an agreement on new technology.

It was the Government who had delayed the start of talks from November until February.

The union wanted to see new technology introduced in a way that would improve services, job satisfaction and working hours.

"The Government is in the business of new technology to create cheaper administration. The politics is that this Government is about cutting jobs."

But if the Government showed the same imagination in its approach to new technology as the unions had done, then there could be an agreement.

One of the first projects about to start, which has been delayed, is Datalink, the Data Transmission system for Local Office Benefit Enquiries. The project, which has completed trials allows local Department of Health and Social Security Offices to transfer a day's data on benefit claims to a terminal at Newcastle Upon Tyne, where the information is stored overnight ready for reply the next day.

## Plea to save small hospitals

By Annabel Ferriman  
Health Services Correspondent

More small and medium-size hospitals should be retained and district general hospitals limited to 600 beds, a Government consultative document published yesterday recommends.

Small community hospitals play an important part at a time when travelling costs are high and public transport in rural districts too limited.

Large hospitals of 900 beds, built as a result of the 1962 hospital plan, often had difficulties with communications and management, the document says.

"Patients and relatives as well as staff find the hospital too impersonal. If it often suffers from physical disadvantages, such as distance between different departments and the need to provide air-conditioning to internal areas, with high energy requirements."

The document recommends that regional health authorities accept the provision of district general hospital services on more than one site, so that many medium-size hospitals in urban areas can be retained.

It also suggests the retention of small and medium-size hospitals wherever sensible and practicable, particularly in rural areas.

Dr Berard Vaughan, Minister of State for Health, said in presenting the document yesterday: "Its emphasis is on making better use of existing hospitals rather than putting our money into giant new ones."

But a spokesman for the National Association of Health Authorities said it had doubts about the future pattern of hospital provision in England (Department of Health and Social Security).

## Helicopters and lifeboats 'complementary in rescues'

The role of lifeboats in search and rescue work was defended yesterday by the Duke of Atholl, chairman of the Royal National Life-boat Institution.

In his report to the annual meeting of governors in London, he said that some critics had suggested that helicopters should replace lifeboats.

"Anybody who is professionally involved with sea rescue will tell you that the present system is extremely efficient. Helicopters and lifeboats are complementary," he said.

The Fastnet race disaster proved that Britain's co-ordinated rescue network, with the RNLI working closely with the RAF, the Royal Navy and coastguards, was one of the finest in the world.

## Man in jail starts test case on jury vetting

By Frances Gibb

The vetting of jurors before a trial at Northampton Crown Court last May, which led to the prosecution challenging at least two of the members for reasons which should not disqualify them from jury service by law, was unlawful and unconstitutional, Mr Robert Martin, QC, said in the Court of Appeal yesterday.

The vetting took place unknown to the defence before the trial of Mr Vincent Mason, aged 43, an antique dealer of Salford, Greater Manchester. He was convicted of burglary at four country houses, including Kedleston Hall.

In what is seen as a test case on jury vetting, Mr Mason, who is now in prison, is seeking leave to appeal against conviction on the ground that the vetting led to there being "material irregularity" during the trial.

The hearing which is before Lord Justice Lawton, Mr Justice Michael Davies and Mr Justice Balcombe, is being attended by counsel representing the Attorney General.

Mr Martin argued that while the Crown did have a right to "stand by" a juror, that could not be done without cause. At least one of the jurors was probably rejected on grounds of a previous conviction which by law was not serious enough to disqualify him.

Mr David Barker, QC, for the Crown, said he thought that one of the jurors might have been objected to on the ground that he could not read very well and another on the ground that one of the policemen in the case knew him. The defence did not know at the time that vetting had taken place.

The case comes as new guidelines on jury vetting from the Attorney General are imminent.

The hearing continues today.

## Accused Iranian 'held in solitary confinement'

Sixty lives were saved during the Fastnet rescue out of a total of 1,008 saved by RNLI lifeboats last year. That took the total for the 1970s to almost 12,500.

The institution's income last year exceeded £10m for the first time and the target for this year is £15m.

Bravery medal awards were: to the silver medal to Coxswain Trevor England, of Padstow; silver medals to Coxswain Michael Grant, of Selby, and Coxswain Kenneth Voice, of Shoreham; bar to the bronze medal to helmsman John Hodder, of Lyme Regis; and bronze medals to Coxswain Thomas Jones, of Roystoke, and helmsman Colin Jones, of Lyme Regis.

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The Fastnet race disaster proved that Britain's co-ordinated rescue network, with the RNLI working closely with the RAF, the Royal Navy and coastguards, was one of the finest in the world.

The men, Mr Leonard Watson, aged 34, and Mr Jon Green, 31, based at East Ham fire station, risk disciplinary proceedings for speaking to the press without brigade consent.

They approached *The Times* after being involved in an unsuccessful attempt to rescue leading fireman Stephen Maynard, aged 27, who died in a ship fire at Poplar docks, east London, in January. The inquest on Mr Maynard was adjourned yesterday.

Although several of their criticisms, which mainly concern training and equipment, have been denied by the brigade, senior officers ack-

nowledged that they raise issues central to the controversy over the application of the Health and Safety at Work Act to the service, as well as to the technological difficulties facing brigades.

Management and unions point in reply to the brigade's responsibilities under the Act, its liabilities for accidents on station premises and the need to remove unnecessary hazards. Trouting Mr Trevor Jones, the Fire Brigades Union's chief safety representative in London, says it is designed to prepare men for the fire-ground, not simulate it. "You could argue that on basis we should all practise jumping out of second-floor windows," he says.

Mr Edward Harrington, London's assistant chief officer responsible for training, believes there is a need for more rigorous training, such as the simulated "fire-house" used for officers at the Fire Service Technical College. He doubts, however, that that view would be shared by the union.

Many of the criticisms of equipment are about communications. Yet the field telephone set

nowadays approved for use with breathing apparatus, and carried only on London's 11 divisional control units, is said to be "a joke". Mr Watson says he has never known it to be used in 12 years' experience.

Officers reject that criticism, although according to Mr Peter Darby, London's chief fire officer, the men's views on the use of the set appear to imply a training deficiency on the part of the brigade. Communication equipment generally, he says, "needs to be improved and will be improved", but he believes the Evans personal radio system introduced in London three years ago means that the brigade now has a fireground communications "as advanced as anybody in the world".

Mr Darby says that London has suffered from technological backwardness and insularity, but that that is being overcome by introducing equipment in operation elsewhere. A £4m plan to computerize mobilization of appliances for instance, will save about 30 seconds in response time, at present lost through the slowness of station telexprinters.

That plan is expected to come



Members of C company of the Royal Green Jackets during defensive chemical training in simulated conditions on the Porton Battlerun at Salisbury yesterday.

## More crime but fewer offences are solved

From Stewart Tindall  
Scarborough

Britain must recognise the police service "is an important indispensable service we have," M. Griffiths, Conservative Bury St Edmunds, said at the annual conference of the Police Federation borough.

Damage or discredit vice is the lesser, he said.

Britain faced a situation which crime levels had half in a few years: burglaries increased by 20 per cent.

Yet rates of clearances had fallen. A burglaries and thefts unsolved in urban London only one crime was being cleared up.

There was also a decline in crime by and children. In 1978-79 children under 17 were 20,000; thefts Another 20,000; age of 14 were in those and other offences.

Mr Griffiths, parliamentary consultant to the federation, said the answer must be supervision. The power from magistrates' courts should be used and they should be used.

He also said that the police had lost the battle capital punishment.

Sir Gervais Walker, chairman of Avon County Council, said: "I do not know the answer to the simple problem of how races are going to live together better. Job opportunities are becoming fewer, and it is true that none of us has done sufficient to help with the problem."

"But it is true that a number of youngsters in St Paul's who refused to give detailed evidence, the fundamental issue was unemployment and relationships with the police. Attitudes are hardening on employers."

## Bristol race inquiry is called a 'waste of time'

From Tim Jones  
Bristol

Community leaders in Bristol yesterday told the parliamentary subcommittee investigating immigration and race relations that its visit to the city was "a complete and utter waste of time". It was held that only a full independent public inquiry into the riot in the St Paul's area of the city last month would satisfy the local community.

The hearing started badly when local ethnic group leaders said many organizations refused to give evidence in protest against the decision of Mr William Whitelaw, Home Secretary, not to hold a public inquiry. They stood by their decision even though the

subcommittee had been formed before the riot occurred.

Mr Roy De Freitas, a member of the Bristol Council for Racial Equality, said: "The reason that this body is not accepted is that the black people are not represented on any of its decision-making machinery, or in the machinery of Government. In addition the Government has passed immigration laws which are very racist."

The hearing started badly when local ethnic group leaders said many organizations refused to give evidence in protest against the decision of Mr William Whitelaw, Home Secretary, not to hold a public inquiry. They stood by their decision even though the

Government. Young people are saying that if they are pushed any more, they will push, and burn and burn."

Mr John McLaren, a Bristol city councillor, said the support for an independent inquiry was very strong. "This one session is not sufficient and has no guts to it." He added: "Until people have a chance to air their views, your presence in Bristol is a complete and utter waste of time.

He said that ethnic leaders in other cities had indicated they would also refuse to give evidence to the subcommittee. "We are talking about non-cooperation, and that can eventually lead to civil disobedience and eventually to violence unless this point gets through to

both sides of the community and people are taking an entrenched attitude. Things are getting worse, not better, particularly among young black people, and there is a sense of alienation," he said.

Sir Gervais Walker, chairman of Avon County Council, said: "I do not know the answer to the simple problem of how races are going to live together better. Job opportunities are becoming fewer, and it is true that none of us has done sufficient to help with the problem."

According to Mr William Whitelaw, chairman of the Bristol Council for Racial Equality, who refused to give detailed evidence, the fundamental issue was unemployment and relationships with the police. "Attitudes are hardening on employers."

## Bigger labour force due entirely to more working women

By Lucy Hedges

entirely due to more working women, the report says.

A wide range of topics, including the birth-rate, child abuse and tooth decay, are covered in the report.

The report, which has been produced jointly by the Central Policy Review Staff (Think Tank) and the Central Statistical Office, draws together information already available from other sources.

Children drink more alcohol now than they used to and

claim to be more sexually experienced, the report says. A small proportion, less than 1 per cent, are in local authority care, and according to one estimate between 7,000 and 8,000 children are abused by their parents each year.

There are fewer young children in society now than previously, and there is a "bulge" in the number of 16 to 24-year-olds. There are proportionately more older people now than have ever been

## More pleas for injunctions may be heard in public

By Our Legal Correspondent

Some applications for injunctions which are at present heard by judges in private are likely to become open to the public.

The Lord Chancellor's Department is in favour in principle of allowing hearings for injunctions in the Queen's Bench Division of the High Court to be heard in open court. The department is studying the practical and cost implications of such a step, and no date has

## University is advised to close four departments

By Ngalo Crequer, of The Times Higher Education Supplement

Judges have the discretion to move into open court if they think it is in the public interest, and they have occasionally done so in recent years when injunctions against trade unionists during labour disputes have been sought.

The proposed reform would apply to injunction hearings only where both parties are represented. "Ex parte" applications will continue to be heard in private.

It is now that the department cannot be built into a centre of strength in the 1980s, and it recommends that no further students should be admitted and the department should be phased out.

The committee says that it was already giving consideration to the Russian department

redundancy of staff is not contemplated but it foresees their internal redeployment "in ways which they could find satisfying" and so that they would be able to continue their research.

The report says that the department of Arabic and Islamic studies would not have been created had not funding been provided by Kuwait University. When that support was unexpectedly not renewed last year the committee felt it could not authorise further expenditure.

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## Centres of excellence urged for specialist teachers

British universities and polytechnics should set up a limited number of "centres of excellence" to help to solve the serious shortage of mathematics, science and other specialist teachers, a report says.

The centres would be used to improve the quality of training and concentrate resources and expertise.

The recommendation is contained in a report of a working party of the Standing Conference on Schools' Science and Technology. It has been looking into the shortage of specialist teachers in mathematics, physical sciences and craft, design and technology.

It adds: "We have the question, that involves poor teaching, uninterested subjects, unmotivated pupils, leading to poor quality and quantity of potential teachers in the next generation.

MORNING NEWS

## Petrol gun raiders flee with £325,000 after attack on security van

Witherow  
A some armed with pistols, smashed the windscreen of a Express van in north yesterday and escaped.

They blocked the van stolen cars in Stretford, close to Islington. It held up several vans and lorries at

the robbers smashed the front of the yellow van with a sledgehammer. The guards re-opened the truck. Four climbed inside and 13 bags containing £325,000, which was to be to a post office in

the three security injured during the raid. The thieves in a white mini van, was found later a few streets away, were seen running across Regent's Bridge over River Thames off in a transit van.

Zetland, who lives in Street, said he saw two men with a shot gun to shoot the guards before the van was smashed. A furniture van between the thieves forced at gunpoint to in his car and hand keys and a London Board lorry which

ng on warders later

of Appeal reserved yesterday in the case

of prison officers who suspended jail to the aftermath of riots at Hull prison, are seeking leave convictions of assault and beat

given suspended York Crown Court last year ranging from nine months. The came after a three-Hull which it was

alleged, gave rise to revenge attacks on prisoners.

Those appealing are: Kevin Burns, aged 31, Steven Weston, aged 28, and Malcolm Clarke, aged 42, all of Caversham Park, Hull; Garry Watson, aged 28, of Brinsford Avenue, Beverley High Road, and Peter Watson, aged 28, of Barnbridge Avenue, both Hull; Steve Dudding, aged 45, of Pasturefield Close, Loughborough; and Andrew Wilson, aged 29, of Heversham Close, Blackwood, Warrington, Cheshire.

Mr James, managing director of British Aluminum Chemicals, said: "We are very disturbed that the Government is so slow in accepting that control is essential to minimize the lethal nature of this kind of fire. In America, 300,000 tons of aluminum hydroxide are used every year in treating most synthetic materials used in the home."

The company is disturbed by the Government's reaction to an inquiry report on the disaster last year at Woolworth's store in Manchester, in which 10 people were killed by poisonous fumes from burning furniture.

The Government has introduced regulations controlling the display of furniture containing polyurethane foam, but has not controlled the use of such material.

The Burntisland plant produces among a variety of aluminum chemicals a grade of aluminum hydroxide called BACO FRP. One third of the material is water encapsulated in crystals of powder. When material treated with the hydroxide catches fire, the water is released as a dampening steam that suppresses

## Woman sent to Rampton as child is released

From Our Correspondent

A woman who has been in Rampton special security hospital for 29 years because her parents could not cope with her when she was 10 years old was allowed to leave yesterday.

Miss Stella Maitson, aged 41, originally of Waltham, Grimsby, south Humberside, was sent to Harmston Hall, near Lincoln, after her parents said they could not manage her. Two years later she was transferred to Rampton Hospital, Nottinghamshire.

A psychiatrist has described her as harmless, with a mental age of seven. He added that she should not have been in the special hospital.

Mrs Iris Rainthorpe, aged 58, a farmer's wife of Sycamore Farm, near Market Rasen, Lincolnshire, who has campaigned for Miss Maitson's release, said yesterday that she had been found a place in a private home.

"She ran up to the security van yelling and swearing and shouted, 'Get out of the van'. The one with the sledgehammer smashed the window and then four men climbed through."

Several residents telephoned the police and Security Express during the robbery. Police cars arrived in the narrow street a few minutes after the thieves escaped.

The robbers left behind a blue Cortina and a blue Escort car, which were examined for fingerprints.

Mr Rainthorpe has tried to get Miss Maitson moved for several years, and sought support in Waltham, where a 500-signature petition was collected.

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PARLIAMENT, May 22, 1980

## Premature action to cut interest rate would be foolish

House of Commons

There was no intention on the Government's part to get out and resign, Mr John Biffen, Chief Secretary to the Treasury, said during exchanges about the interest rate. We are not quitters (he said).

Mr Biffen (Oswestry, C) informed Mr Robert Cryer (Keighley, Lab) that the Government had received a number of representations from employers' organizations, individual businessmen, and industrialists regarding a reduction in the rate of interest.

Mr Cryer—Is it not true that the GSI are making much more strenuous efforts to get the Government to change this lunatic policy of high interest rates which is ruining small firms?

Will the Chief Secretary accept my motion of adjournment? I want the Government to do something about the massive profits the banks are creaming off? If the Government are unable to act will the Chief Secretary and his cronies get out of office and resign? (Labour cheers.)

Mr Biffen—It is our determination to pursue a monetary policy which controls inflation at the current level of interest rates until there are such tangible signs of success that a reduction in the lending rate can be embarked upon wisely and with prudence. Any premature action would be foolish.

Mr Cryer—We believe that a fall in interest rates at this moment, unless it was clearly indicated by market conditions, would have a serious impact on the Government's monetary target. I want to know if interest rates arose earlier when Sir Geoffrey Howe Chancellor of the Exchequer, was asked for a statement on the progress of his programme to bring the money supply under control.

Sir Geoffrey Howe (East Surrey, C) replied—Since the measures of last autumn they have worked well and marked rundown in the rate of monetary growth. In the last six months £M3 has grown at an annual rate of 6 per cent.

Mr Michael Latham (Melton, C)—This is welcome progress but will the Chancellor accept that while

the timing of this matter must be at the discretion of the Government, it should be an urgent priority for the Government to bring down the level of interest rates. (Cheers.)

Sir Geoffrey Howe—We do not wish to see a move in that direction which cannot be justified by the movement of all the factors in the monetary market.

Mr Denis Healey, chief Opposition spokesman on Treasury and economic affairs (Leeds, East, Lab) said the Chancellor had not been approached by the President of the CBI on Tuesday? If the Chancellor had received a letter from the CBI on Tuesday?

Mr Cryer—Does he think that is a fulfilment of the pledge she gave to the nurses? The nurses do not think it is a fulfilment, so will she have an early meeting with them to discuss the matter before she puts into operation the arrangements for doctors, dentists or nurses?

Mrs Thatcher—I hope the nurses will see the Secretary of State for Social Services, but Mr Foot will remember that we are pledged to put into effect the review policy for doctors, started by the Labour Government. We have honoured it and will continue to do so.

After all, the rate of increase one is entitled to that is earned, otherwise the extra goes into increased prices.

Mr Michael Foot, deputy Leader of the Opposition (Ebbw Vale,

Mr Cryer—Is it not true that the GSI are making much more strenuous efforts to get the Government to change this lunatic policy of high interest rates which is ruining small firms?

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Mr Michael Latham (Melton, C)—This is welcome progress but will the Chancellor accept that while

interest rates are one of the factors affecting bank lending. The increase in bank lending is only growing by 5 per cent. Sir Geoffrey has given a clear indication for a minister who set himself his main performance to bring down inflation, to have seen it in his first 12 months in office more than doubled to the highest level ever recorded, which is greater than in Italy.

If he is to stick to these punitive rates, why does the Chancellor boast that rightly or wrongly, that he is getting the money supply under control?

Sir Geoffrey Howe—Mr Healey characteristically over-stated almost every aspect of the argument. Interest rates are having an effect on bank lending. Bank lending is one of the factors about which one needs to be much more concerned than one can be sure about the movement of money supply. Interest rates will be coming down in due course.

Mr Biffen—Are the movements in oil prices I need no reminding from him of the case made to me on Tuesday night for a reduction in interest rates as soon as possible?

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## Closing gap between pay and efficiency a sound policy

A policy which tries to close the gap between increased pay and efficiency could be called a pay policy and was the only sound pay policy, Mrs Margaret Thatcher, the Prime Minister said.

Mr John Butcher (Coventry, South-East, C) asked—Will the Prime Minister remind me of her pledges that her first 12 per cent increase in wages over three years, while output has risen by a mere 5 per cent?

In expressing the hope that we are about to enter the post-Clegg era, a closer link between increases in wages and increases in efficiency may of necessity mean pay increases less than the current inflation rate.

Mr Butcher (Barnet, Finchley, C)—agreed that it is vital to achieve a closer link between pay and efficiency. For some to accept a rate of increase below the level of inflation.

Mr Steel—Does she think that is a fulfilment of the pledge she gave to the nurses? The nurses do not think it is a fulfilment, so will she have an early meeting with them to discuss the matter before she puts into operation the arrangements for doctors, dentists or nurses?

Mrs Thatcher—I hope the nurses will see the Secretary of State for Social Services, but Mr Foot will remember that we are pledged to put into effect the review policy for doctors, started by the Labour Government. We have honoured it and will continue to do so.

It is a very good thing when they take over that pledge. When they

have had that amount, they will have had the same increases as the nurses since 1978, assuming that the nurses like the 14 per cent increase in pay.

Mr David Steel, leader of the Liberal Party (Roxburgh, Selkirk and Peebles, L)—Is the Chancellor's invitation to the TUC to discuss wages the first step towards a pay policy?

Mr Steel—If it is not, will she explain how she expects the Scotch teachers for example, to accept 14 per cent—8 per cent below the going rate of inflation—unless it is to become the general rule overall applied to everybody?

Mrs Thatcher—There is no general rule which can be applied because circumstances are very different, but a pay policy which tries to close the gap between increased pay and efficiency can in some ways be called a pay policy there is.

Mr Michael Neuberger (Harrow, North, C) later said—Today is Professor Clegg's sixtieth birthday. (Conservative

MPs who had the same increases as the nurses since 1978, assuming that the nurses like the 14 per cent increase in pay.

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## WEST EUROPE

## Errors in accounts of EC Commission re-indict by MPs

George Clark  
Political Correspondent

Accounts of the EEC budget are incomplete and shed financial statements to enable the reader to get a clear insight into the union's financial affairs.

The criticism, voiced by the Auditor General, who examined the accounts for 1975, endorsed yesterday by the European Select Committee on European Legislation in its report to the House, court gave examples of accounting errors and concluded "the overall effectiveness of the Commission's internal audit is a matter of concern".

It was the balance sheet that it also lacked an account of the accounting rules applied and failed to give information needed to understand the figures.

It appears to us to be a severe indictment of the accounts, and it would be fitting to know whether the Auditor General would be explicitly to certify consider them as giving a fair view of the affairs of the Community," the Committee recommended.

"Thirty First Report on the Select Committee on European Legislation. Financial Control in the Community. (Stationery Office, £1.25)."

## Outlook worsens for cuts in British EEC payments

Ed Emery  
Editor

The outlook has worsened stilling Britain's demand for the elimination of its contribution of more than £100m to the EEC budget, it green in Whitehall yes-

worsening assessment first been disclosed by Mr Haughey, the Irish Minister, who discussed his Downing Street with Mrs Margaret Thatcher on Wednesday. Haughey said he was no optimistic because both German and French governments had withdrawn offers they made in vain at Luxembourg.

yan accused of Rome order attempt

On May 22, a young man charged with the murder of a restaurant owner told police here he had been sent from to kill "an enemy of people".

Ironi Belgaem was last night minutes three shots at Salma Fezzani, a naturalized who was born in Libya, s'urh.

as the second attack in against Rome's Libyan unity. A businessman was strangled on Tuesday, the Libyan exile killed here past three months.

Libyans have also been in London and one in Bonn, Beirut and

murder: Abu Bakr Rahman, aged 23, from was found murdered in apartment in a working-class suburb yesterday. He had been living in for about a month, work a factory. Local residents claimed that he had been of the regime of Colonel Gaddafi and refused to return country, despite please his mother.

Libyan Embassy here d complete ignorance of man, who was the first to be murdered here.

ters jailed in Amsterdam

s jailed in Amsterdam, May 22.—Eleven who took part in riots the inauguration of Beatrix in April were in the Amsterdam Court today to prison ranging from one to four years.

heaviest sentences were to a Moroccan and an Indian, who were found by court to have been in the of fights between strikers trying to disrupt ceremony and police. Under Dutch practice names of those condemned were not released.—AP.

The Pope praises Britain's vital 'international role'

From Peter Nichols

Rome, May 22

The Pope said today that Britain had an important international part to play in keeping with the values of democracy and respect for human dignity that are part of your people's magnificent historical and cultural tradition.

He was greeting Mr Mark Hinchliffe, the newly appointed Minister at the head of the British Legation to the Holy See, who was presenting his letters of credence.

The formal exchanges were unusually full. The Pope spoke of the good auspices under

Mr Nigel Spearing, Labour MP for Newham South and chairman of the Safeguard Britain Campaign, who is a member of the Select Committee, said last night: "The comments of the Court of Auditors, if applied to a British company, would require a Government investigation and possibly an order to cease trading".

When the Commons debated the report, MPs would want to know a lot more about the EEC internal controls which were, according to the court, "a matter of concern" and why, for a second year running, the accounts did not even meet the EEC's own financial regulations.

The report states that in 1978 two member states (not named, but understood by us to be the United Kingdom and Germany) accounted for 79 per cent by number and 88 per cent by value of the total cases reported... no solution has yet been found by the Commission to the problem of dealing with amounts definitely lost as the result of irregularities.

Procedures for dealing with frauds and irregularities are still far from satisfactory. Indeed, member states do not even agree on what constitutes an irregularity."

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## Outlook worsens for cuts in British EEC payments

In Whitehall, however, the view remains that the dispute will be cleared up in the three weeks remaining before the EEC summit in Venice on June 12.

Mrs Thatcher, in a written answer yesterday, confirmed that "complex negotiations" were taking place.

She told Mr Tony Marlow, Conservative MP for Northampton, that she did not think it would help "at present" to follow his suggestion that failing agreement, Britain should unilaterally reduce its contribution from July 1 to £325m, and recover what he described as "overpayment" for the first six months.

## MEPs back tunnel plan for Channel

From David Wood

Strasbourg, May 22

Some European Parliamentarians launched a campaign for a Community channel tunnel. British, German and Benelux MEPs announced that they were bringing forward from the transport committee, probably in June, a report recommending a tunnel linking Dover and Calais.

In part, the campaign is an attempt to win back British support for the idea of a unified Community. But agricultural problems have been investigated and it is believed that after initial help from the European Investment Bank, the project would be profitable within a few years.

Launching of the campaign was sparked when an open letter broke out at the press conference between Dr Cornelius Berkhout, Dutch Liberal and a former president of the Parliament, and Mr Roland Boyes, a British Socialist.

Mr Boyes protested that a Community channel would put depressed British and French peripheral regions at more disadvantage than they were already.

Dr Berkhout angrily replied that he was not thinking of Mr Boyes' constituency problems.

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Winter returns to Finland with a May snowfall in Helsinki yesterday.

## Refund on budget unlikely in 1982

From Michael Hornsby

Brussels, May 22

Britain's net contribution to the EEC budget could rise to more than £1,400m next year, and any financial relief the rest of the Community agreed to grant Britain to reduce this burden would be unlikely to exhaust the Nine's existing sources of revenue by 1982.

This is the grim financial picture which emerges from the latest calculations prepared by the European Commission for a crucial series of meetings in Brussels next week at which the Nine will attempt to break the deadlock over Britain's contribution to the Community budget.

Despite the lack of progress last weekend in Naples, it is still hoped that a meeting of finance ministers here next Tuesday will be able to prepare the ground for a final compromise to be thrashed out on Wednesday.

Even by joining forces with the Spanish Communists Party (PCE), the Andalusian Socialist Party (PSA) the Catalan Nationalist Party (PNV) and an assortment of smaller parties represented in the Cortes, Señor González would still need at least one breakthrough from the Prime Minister.

To further complicate matters it is unlikely that the Basque votes will go to either the Socialists or the Centre Party, since the PNV has been boycotting the Cortes for

## Spanish censure motion has little chance of success in Cortes

From Harry Debelius

Madrid, May 22

In spite of an assurance of Communist support for a Socialist sponsored censure motion, to be voted on by the Spanish Parliament next week, the chances of Señor Felipe González replacing Señor Adolfo Suárez as Prime Minister appeared very slim.

Señor González, the Opposition leader announced a censure motion yesterday during the second day of what Spaniards are calling the "great debate", a series of special parliamentary sessions in which the Prime Minister, who is the leader of the Centro Democratico Union (UCD) is defending his Government's policies at a time of increasing troubles on all domestic fronts.

The censure motion surprised most MPs because it will be almost impossible for Señor González, whose Spanish Socialist Workers' Party (PSOE) has only 121 seats, to muster the rest of the 176 votes needed for the absolute majority required for the motion's success.

Señor Suárez had no objection to the call for a vote of censure, he said. Questioned about it shortly after Señor González's speech, he said that he was "not in the least disturbed".

He added: "I am surprised that the PSOE did not present such a motion before. It is a perfectly constitutional mechanism and they are within their rights in using it. I am not bitter. I would be if it should bring down the UCD, but I consider that impossible because I have the greatest faith in the Centro Party people."

Several months in protest over alleged delay on the part of the central Government in turning over authority in certain sectors to the newly constituted home rule government in the Basque country.

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## M Poniatowski hits back at accusers

From Charles Hargrove

Paris, May 22

One cannot but admire the resilience and self-confidence of M Michel Poniatowski, the former Minister of the Interior. He actually congratulates himself on the evidence given by M Jean Ducret, the former head of the Paris criminal police, yesterday to the parliamentary commission of inquiry.

This proved, in a radio interview today, that he did not know of the police reports on the threat of assassination against Prince Jean de Broglie, before the crime took place, contrary to the resolution tabled in the National Assembly by the Socialist Party demanding his impeachment before the High Court of Justice for "non-assistance to a person in danger".

He added that it confirmed all he had always declared about his role in the affair.

But M Poniatowski believes that attack is the best form of defence. He described as "scandalous" the attitude of the opposition press which he said now merely brought out the fact that he had been informed of the assassination threats before the sensational press conference he held in his ministry in the presence of the most senior police officials, including M Ducret.

He announced then that the investigation was already over and all the main culprits were under lock and key. It is true that M Poniatowski has never given any indication as to when he actually learnt of the assassination threats.

Another accusation in the official version of the facts, until yesterday, was that M Jean Ducret had not transmitted the two police reports (on the assassination threats) to his superior, and that therefore M Michel Poniatowski did not even know of their existence".

The only merit of the parliamentary commission in the opinion of M Gérard Longuet, friend of M Poniatowski, was to raise the question of relations between the police and the judicial authorities, and of the reform of the obsolete provision of the secret of judicial investigation, which was ill adapted to the reality of things".

This was not the view taken

by M Olivier Guichard, who was Minister of Justice at the time.

He confirmed yesterday,

also before the commission,

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**WELL HELP YOU MAKE MORE OF YOUR CAPITAL**

Our Own Correspondent

May 22

François Mitterrand, of the French Socialist party, said it was perfectly normal for President Giscard to meet President Brezhnev, and that he did not ask anyone's permission.

He reproached him with going to Warsaw in full knowledge that he would not obtain anything from the Russians. "If France brings back nothing, it shows a certain impatience on the part of Soviet towards us", M. Mitterrand said in a television interview.

It shows a certain impatience on the part of France's foreign partners, he made any progress? Only not. Has unrest in

creased? Obviously yes. I would certainly not have gone there under those conditions.

We live in difficult times. France is in one camp... She belongs to the Atlantic Alliance. She also belongs to those who consider international law to be a serious basis of international relations.

For that reason, she cannot endorse the military occupation of Afghanistan...

The independence of France, which is not neutralism, must be exercised within the limits of her alliances."

M. Mitterrand went on to reproach M. Giscard d'Estaing with behaving more as a candidate for the Presidency than as President, and with seeking to benefit from Communist votes through his foreign policy designs.

The Gaullists were more



**Students' essays show they believe force will be necessary to achieve majority rule**

## Frustration and bitterness among young S African blacks

From Ray Kennedy  
Johannesburg, May 22

The Afrikaans newspaper, *Die Vryheid*, asked a class of black students at a school near Pretoria to write short essays on how they viewed the future of South Africa. What has emerged, in extracts published by the newspaper, is a picture of bitterness and frustration which, says *Die Vryheid*, bodes "nothing good for the future".

One student wrote: "If I could be president, I would dance on the Boer's back until he says 'ouch'. I hate whites, even their smell makes me angry and I will not stop until I have what I want—and that is freedom, equality and independence".

The children apparently believe that black majority rule will come to South Africa eventually, but only through force. "South Africa's future is clear," wrote another student.

"First the oppressors, racists, fascists, imperialists and colonials will have to be got rid of and then all that remains will be blacks, the rightful inhabitants of South Africa."

Then Nelson Mandela (the imprisoned black nationalist) will become Premier. He will have a communist Government. But first there will be great bloodshed which has already begun and the oppressed will overthrow the Botha regime and take over everything."

The phrasology of much of the essays suggests that the children are brought up on a diet of revolutionary-style pamphlets.

But *Die Vryheid* points out that the pupils were asked in their Afrikaans class to give their views in the language of their choice. "Remember, this was in the Afrikaans class and then with a woman teacher who is popular at the school. Yet

of the 39, only two wrote in Afrikaans and the rest in English," the newspaper says.

One pupil wrote: "There are some of the Boere (Afrikaners) who are kind-hearted. My Afrikaans' teacher is one of them. She can cooperate with a black child of Africa".

The child's frustration comes through clearly further in the essay. "One of these days South Africa will be in control of the blacks and then the whites will start thinking of blacks as people. Hertzog said he would sit on a kaffir's back but things will change. Why can't we just live together and stop the fighting?"

The mention of people such as Mandela and Hertzog reveals the children's awareness of the identities of key figures in the racial issue.

Nelson Mandela, former leader of the African National Congress, has been in prison for 16 years and his writings have been banned in the country for much longer than that. Most of the children were not born when he was still free. Dr Albert Hertzog, who broke away from the ruling National Party to form the Herstigte Nasionale Party, has not been active on the political scene for some years, but his name is synonymous with white supremacy.

"I do not regard the Man-gopes, Molteno (homeland leaders) and Bothas as my leaders. My leaders are the Mandelas, Sisulus and Motlanas because they are trying to bring justice in this country," another pupil says.

Walter Sisulu is in prison with Nelson Mandela and Dr Motlanah Motlanah is leader of the Soweto "committee of ten".

"Mr Botha is a man among men because he knows what he is doing, contrary to Mr Vorster", a pupil writes in a further essay. "Mr Botha is trying to pull South Africa out of the flood of corruption. But he is scared of his colleagues, the Boers, because he wants to give South Africa independence—freedom as we call it."

*Die Vryheid* says it has published extracts from the essays to draw white attention to the depth of the feelings of black youth. It says:

"These are not feelings which can be dismissed with words and they bode nothing good for the future. In fact, every responsible leader and also the ordinary man should take note of them."

"Only through a complete change of attitude towards the black man, coupled with the economic, social and political change which the Government is now advocating, will the situation be avoided in which the weapon will determine how the future South Africa will look."

The owner of the house above, in Chester, solved these problems in a way that helped herself, and other people. It could make sense for you.

Her need for space diminished, but costs have steadily increased. So the house shown is being altered (not at her expense) to provide her with a self-contained flat, free from future heavy expenses.

### How is this possible?

The National Charity, Help the Aged, could convert one portion of the house into a modernized, and usually self-contained flat for your use for the rest of your life, or that of your spouse. By making your house over to the charity, you could also be relieved of the burden of rates, rent, and external repairs; and the portion of the house that you no longer need, converted for the use of retired people.

Send for full details, entirely without obligation. Please write to: Help the Aged, Room T3C, 32 Dover Street, London W1A 2AP.

## America's future lies in Asia, says Tokyo envoy

From Peter Hazelhurst  
Tokyo, May 22

The United States' bilateral relations with Japan are more important than Washington's ties with any European ally, Mr Mike Mansfield, US Ambassador in Tokyo, said today.

A statement from the political police said Lula was no longer a threat to public order in the vote-making suburb of Sao Bernardo, but they threatened to arrest him again if incitement recurred.

The Government is under pressure on several fronts. Its main concern is to avoid holding local elections, scheduled for November. The government party would almost certainly lose control of many areas.

In a surprise court decision, Senator Leonel Brizola, former governor of Rio Grande do Sul state, has lost his fight to be able to use the vote-winning PTB insignia, the initials of the "Brazilian Labour Party".

The main result of this episode is that Senator Brizola, who had previously intimated to the Government that he would not be among its most ferocious critics, has now also gone on to the attack. He has now been deserted by six members of his shadow cabinet, most of whom are to join Lula's fast-growing Labour Party, with which the government will not be able to reach any agreement.

Senator Brizola himself may now seek agreement with Lula, who earlier repudiated an approach by a man seen as a tacit ally of the establishment.

It now seems that the Government will either have to decree that local government office holders remain in their posts for a further two years, or simply suspend elected officers altogether, and rely on the bureaucracy to carry on.

## Brazil union leaders freed to ease crisis

From Patrick Knight  
Sao Paulo, May 22

With a political crisis deepening, the Brazilian Government has acted to reduce the pressure at one point by suddenly releasing the detained metal workers' leader, Senator Luis Inacio da Silva (Lula) and 12 other union leaders.

A statement from the political police said Lula was no longer a threat to public order in the vote-making suburb of Sao Bernardo, but they threatened to arrest him again if incitement recurred.

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mishandling has alienated its leadership and the PP would not now back the Government in a vote to postpone the elections.

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## Is your house too large?

### Would you help old people in need?

A remarkable plan enables you to have a new private flat in your own home, at no out of pocket expense, pay no rates, almost no maintenance, and make an outstanding contribution to a national problem through Help the Aged.

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Her need for space diminished, but costs have steadily increased. So the house shown is being altered (not at her expense) to provide her with a self-contained flat, free from future heavy expenses.

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Anti-government rioters ride in captured military vehicles through the South Korean city of Kwangju yesterday.

## Hongkong uses superlights against illegal entrants

From Richard Hughes  
Hongkong, May 22

British security patrols have turned to dazzling illegal immigrants trying to enter Hongkong by hired speedboats with 65-milliwatt-candlepower super-lights known as Nitesun.

The light, mounted on the Royal Navy Seardar boats and helicopters, virtually blinds those whom it confronts and could cause permanent eye damage to anyone who tried to outlast it for more than a few minutes.

The Nitesun has a 360° movement and an 18-in beam that can be widened or narrowed. It is powered by rare gas known as xenon, which is used experimentally in arc lamps at light-houses.

It supplements another British naval weapon also used by the Hongkong security patrols, the 600,000-candlepower flares that are dropped by helicopters.

Bigamist tells why divorce is 'impossible'

Pretoria, May 22.—A woman with two husbands said today that it was impossible to divorce either because whenever the question of divorce came up one kept having heart attacks and the other threatened to kill her.

Mrs Louise Theron admitted bigamy, but asked a Pretoria court for a light sentence.

copters above the dark seas and stay alight for nearly five minutes.

The Nitesun, combined with the flares, was used for the first time last night by a helicopter to trap a speedboat carrying six illegal immigrants who would otherwise have lost the pursuing Seardar that could travel at only half the rate of the speedboat.

The immigrants managed to scramble ashore on an island but the flares the helicopter dropped guided the security forces to find them.

The Hongkong authorities are seriously concerned over the growing number of legal immigrants from China, who are applying for visas to allow them to come and live in the colony.

If you look at the map you see the People's Republic of China, the Soviet Union, the United States and Japan right close to one another, and right in the middle is Korea.

"It is out here where American business has its opportunities. This is where the biggest returns are.

"I think events in Afghanistan and Iran are bringing that home to us and it is time we shifted our priorities and recognized where our important primary interests lie."

In the past Japan had tended to shy away from what the world saw as its political and diplomatic responsibilities as an economic power. But recent trends showed that Japan was taking a more responsible role for the security of the area, Mr Mansfield said.

He was confident that the relationship between Japan and the United States would remain intact whether or not the ruling conservative Government lost power at the general elections next month in Japan.

Three senior judges are investigating alleged abuses during Mrs Bandaranaike's rule from May 1970 to July 1977.

Charges include avoidance of the land reform law, making a false tax declaration and wrongfully prolonging her Government's emergency powers.

The commission has no punitive powers, but if it finds Mrs Bandaranaike guilty, it can recommend Parliament to prevent her holding public office for up to seven years.—Reuters.

number of Mirage F1 and F5 jets have been put at the direct disposal of the joint command.

This tactic paid off immediately with Moroccan aircraft seeking out and attacking columns of Polisario vehicles anxious to avoid a direct confrontation with the ground forces.

The Moroccan high command said that the aircraft had destroyed more than 60 Polisario vehicles and three multiple rocket launchers on May 6, with an extra 10,000 Moroccan troops taking part.

The Polisario nationalists said that they had put 1,357 Moroccan soldiers out of action. King Hassan put Moroccan losses at \$2. This operation resulted in downing of 10 Polisario aircraft and 100 anti-aircraft missiles.

The following day, 32 nationalist Jeeps trying to break away to the east were surprised by Moroccan jets and 19 were destroyed.—Agence France Presse.

### Disabled?

You could stop work at 60.

Job Release Scheme

### Ships collide in fog off Japan

Bangkok, May 22.—A white elephant has been born in Thailand's southern Petchaburi province in what is considered a good omen for the reign of King Bhumibol.

The white elephant, the fourth to be found during the present reign, is to be examined by experts before being presented to the king.

Hakodate, May 22.—The 10,242-ton Liberian cargo ship Zenith Glory sank today after a collision with a West German ship in fog in Tsugaru Strait, off this northern Japanese city, the Maritime Safety Agency said.

All 28 crew members were taken off by a Japanese patrol boat after the collision.

If you're a worker who is approaching retirement, you may be entitled to a job release scheme.

It's a scheme designed to help you get back into work after you've stopped working.

It's a scheme designed to help you get back into work after you've stopped working.

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## FOREIGN REPORT

## Controversy over Mr Reagan's California years

The lessons of Mr Ronald Reagan's eight years as Governor of California are a matter of some controversy. When another ex-governor, Mr Jimmy Carter of Georgia, was running for the presidency, he, too, made some rather exaggerated claims for his past successes.

Politicians should not be blamed if they overstate their achievements, but some of Mr Reagan's boasts do not stand up at all well to close examination.

He takes great pride in having returned \$5,700m (£2,500m) in tax revenues. He glosses over the fact that these were the profits of huge tax increases that he himself had introduced. Income tax, for instance, went up from 7 per cent to 11 per cent.

He says: "In California, the size of government had grown by 75 per cent in eight years (before he took office). During the eight years of our administration, there was virtually no growth at all, despite the fact that our population was increasing faster than any other state in the union."

In Governor Pat Brown's eight years, the state budget grew by 130 per cent. In Mr Reagan's it grew by 122 per cent. Under Mr Reagan, when he says: "We stopped the bureaucracy cold," the number of state employees increased by 21 per cent.

Mr Reagan signed a Bill greatly liberalizing California's abortion laws. (Now he wants a constitutional amendment prohibiting all abortions.) He says: "I was elected Governor by a million votes and reelected by nearly as many." In 1966, his majority was 993,739 and in 1970 it was 501,057.

He is remembered with some affection and approval, even by people who opposed him. He chose competent people, usually businessmen, to run the departments of the administration and left them alone. He uttered terrible threats against the universities, but in fact quickly came to an understanding with them.

He could even argue that he entered on the right side, by taxing California too heavily, in the early days, to redress the state's finances. It allowed him to cut taxes at the end of his time, and enabled him to bequeath a huge surplus to his successors and permit Proposition 13, which cut property taxes, to go through.

He will not so argue, however. He is wedded to the idea that the panacea for inflation, the federal deficit, and declining productivity is a huge tax cut.

He justifies it all by saying that a tax cut would so stimulate the economy that government revenue would rise, not fall. He wants to cut taxes by 30 per cent over three years.

"What the President should be proposing," Mr Reagan says, "is what John F. Kennedy proposed in 1963 and put into effect, and that is a 30 per cent cut in the income tax. Congress only gave him 27 per cent average across the board but even so, the federal Government itself ended up getting \$54,000m more in revenue than it had been getting at the higher rates."

President Kennedy's tax cut, which was enacted under Lyndon Johnson, provided for a reduction of 19.4 per cent in individual taxes and 7.7 per cent in corporation taxes. Mr Reagan evidently just added the two figures together to get his "average". Federal receipts went up by about \$10,000m (not \$54,000m).

It is hard to put a figure on the amount he wants to cut from taxes, because he also recommends large cuts in taxes on business, the abolition of the windfall tax on oil profits, and a much more generous schedule

The second of two articles in which our Washington Correspondent looks at the policies of Ronald Reagan



Ronald Reagan: "Cutting the fat" off the federal budget

for depreciation of industrial plant.

The total cut in taxes would be well over \$100,000m (£43,000m) (20 per cent). He does not appear to have any clear answer to suggestions that adding so much money to the economy would stimulate inflation.

Instead, he talks about "cutting the fat" off the federal budget. President Carter, and his two predecessors, Presidents Ford and Nixon, also did their best to "cut the fat" off the budget, and Congress has been virtually paring away at it and has even managed to balance the 1981 budget.

Since Mr Reagan also wants to increase the defence budget substantially (though he does not say by how much), the only way to balance the budget would be wholesale cuts in social spending. At the least, this would probably mean ending "indexing" social security and other welfare, medical and pension payments.

At the moment, all these outlays go up in tune with inflation. There is even an argument that they run up rather faster than the real inflation rate (because the Government uses an index that takes account of the rising cost of housing, which is not relevant to pensions and medical costs).

Mr Reagan, however, claims that he will end indexing. Even more, he claims that the social security budget is "trillions of dollars" underfunded.

He says that when today's children grow up, they will have a child in a time of golden certainty. It all collapsed in the Depression, but, while Mr Reagan was in his 20s, America pulled itself out of that horrifying experience, and went on to fight and win the Second World War.

Mr Reagan learnt that hard work and sensible government everything was possible for America (though his definition of sensible government has changed since he was a New Deal Democrat).

He believes that the 1980s can be a replay of the 1920s or, better still, the Truman years, when America was overwhelmingly rich and universally respected. That is his appeal, and his success will be a measure of American nostalgia.

Patrick Brogan

He comes before us to tell us that somehow it's our fault, he says. "Be miserable at home, turn the thermostat down

This leaves him with one last possibility. He claims that the Attorney General has said that \$50,000m of the federal budget

## World Food Council

## Attack on growing hunger

Organization (FAO). Requests from others are being processed.

The poorer part of the world is becoming hungrier. Mr Maurice Williams, aged 60 and former United States official with the Organization for Economic Cooperation and Development, is the WFC's executive director. He says 450 million are really hungry, and up to 1,000 million do not have enough to eat. Starvation is particularly serious in Africa where, to quote figures from the FAO, 2 per cent average annual increases in food production have been overtaken by a 3 per cent increase in population, and the average African has 10 per cent less food than 10 years ago.

In the days of empires, Mr Williams says, the colonial powers tended to do research on commercial crops, leaving the local populations to feed themselves on subsistence agriculture. In the 1950s few developing countries needed to import food on any scale; but

The following countries have already adopted a food strategy; helpers are in brackets: Bangladesh (World Bank); Ghana (Canada); Haiti (Canada); Honduras (ADB); Indonesia (World Bank); Morocco (World Bank); Nigeria (World Bank); Peru (Canada); Philippines (World Bank); Rwanda (Belgium); Somalia (Italy); Tanzania (FAO and Denmark); and Zambia (The Netherlands).

The following countries have

still to form links or are negotiating with those in brackets:

Bonin; Cape Verde (The Netherlands); Ecuador; The Gambia (FAO and West Germany); Grenada; Liberia (United States); Madagascar; Mali (United States); Mauritania; Nicaragua; Senegal; Sri Lanka (The Netherlands); Sudan (Britain); Uganda (IDS); Burma; Cameroon and Kenya.

Brazil and Venezuela are in the scheme, but require minimal outside aid.

Progress of the scheme will

be the first country to have a food strategy, with help from the World Bank. Nigeria, though rich in oil, has only managed to increase food production by 1 per cent a year, and is described by Mr Williams as being half way to drawing up a plan, again with support from the World Bank. Tanzania has got down to work with a staff of 30. It should be at least immune to criticism of squandering member countries' money.

John Earle

Law Report May 22 1980

Court of Appeal

## Tax consultant fined for contempt

In re Rogeraster Ltd and others and R. C. Tucker

Before Lord Denning, Master of the Rolls, Justice Brightman and Sir Patrick Brown.

Mr Tony Clifford Tucker, chartered accountant and tax consultant, was fined £1,000 for contempt of court for failing to comply with an undertaking given by his counsel to the Court of Appeal last August to deliver up documents seized by tax investigators in a raid on premises of his company.

Mr Tucker had returned five desk diaries he had borrowed from the House of Lords, but not five big desk diaries of Mr Tucker showing all his engagements and appointments for 1974-77. A 1978 diary had been returned. They had been put into evidence. Cross-examination could well have been allowed.

By his counsel Mr Tucker said that he had explained everything to the Revenue and had returned the documents he had been validly seized by the Revenue acting on section 20C of the Taxes Management Act, 1970.

Mr Tucker was ordered to pay the costs as between solicitor and client.

Mr Brian Davenport, QC, for the Inland Revenue: Mr Roger Titheridge, QC, Mr. M. G. Tugendhat and Miss Eily Goodall for Mr. Tucker.

The Inland Revenue had brought proceedings against Mr Tucker on the ground that he had broken his undertaking and was in contempt of court.

It appeared that instructions

had been given by Mr Tucker to his staff to return the desk diaries when he had been allowed to keep them.

Mr D. M. Johnson, for Mr. Tucker: "There is more oil in this country yet to be found than any other nation on earth at a lower price than any other nation. And only in the last few years have we seened by the Revenue acting on

section 20C of the Taxes Management Act, 1970.

Mr. T. M. S. OF THE ROLLS

said that last July the Revenue had conducted what he had described as a "military style operation"

searching premises for evidence

in connection with a tax investigation.

The Court of Appeal had held that the conduct of the Revenue was illegal and ordered that the documents be returned to the persons concerned.

As the court considered that its decision might be reversed by the House of Lords, counsel on behalf of Rossminster and later Alastair Macmillan advised that leave to appeal should be given to the House of Lords of any appeal by the Revenue they would retain at named addresses all those documents taken by officers of the Inland Revenue and retain them in their file for future reference and that (2) if the House of Lords

should determine in the appeal

that any of the documents were lawfully seized pursuant to valid warrants they would redeliver them to the Revenue upon demand.

In Comet Products Ltd, Ltd v Hawker Siddeley Ltd [1979]

QB 67, the court had said that

it was plain the documents were analogous to a criminal offence and a person charged with contempt could be compelled to give evidence.

But Mr. Tucker could have given evidence. Cross-examination could

well have been allowed.

By his counsel Mr Tucker said

that he had explained everything

to the Revenue and had replaced

Miss Johnson as Mr. Tucker's secretary.

In February, 1980, Miss

Johnson had gone to the court

and she had given the diary back to her.

Mr. T. M. S. OF THE ROLLS

said that the diary had been

replaced by a Mrs. Page, a cleaner,

who had cleaned up. Miss Johnson

had completely forgotten

having been told not to disturb

the diaries.

It was submitted that there was

no contempt unless it was con-

taminous and if what had

occurred had been unintentional, causal or accidental, an absolute

undertaking had been given to

the court for the documents on

leave to be kept.

If something had happened, like

a fire or theft which made

it delivery impossible, that would go

on a long way to excuse it.

Mr. T. M. S. OF THE ROLLS

said that the breach of under-

standing could constitute

In re Mileage Conference Group [1966]

1 WLR 1137, 1161-1162.

But it was held that the documents on

leave to be kept were

not to be delivered to the Revenue.

Lord Justice Brightman and Sir

Patrick Brown agreed.

Solicitors: Solicitor of Inland

Revenue; Rooney.

should determine in the appeal

whether that he could not risk

thought that he could not be helped wondering whether

he could not be held responsible for the Revenue upon demand.

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## Hard-working Strachan gives eenwood food for thought

Strachan, Scotland's reserve player in the 1-0 over Wales yesterday, England, his country's last Hampden Park tomorrow, is capable of playing for England manager Ron Greenwood said, "He was particularly with the industries of Aberdeen, midfield Wednesday night and the that Strachan styles him, the former England 'Alan Ball' who played him in a friendly six

ago said of Strachan, and a busy little player he's chosen to be called up; I don't see with Mc

ould have been clear at

There was a vast im-

to their application to

currently contemplat-

our year contract with

admitted, "having

Willie Miller and Alex

and I have helped me a

lot and I'm grateful

England gave me a good

ago. I've only watched

in television and this will

see how good they

They will have a bit of

them and there is no

such thing as a British

British cup final."

England are in danger

up the wooden spoon

European championships

Greenwood does not

desire. Despite losing

his squad yesterday,

he has won the British

up for the past two

no-one's made a fuss

"We haven't thought

about whether we will finish bottom, but we don't intend losing any more games anyway."

He did, nevertheless, admit that a Hampson win would be "a nice one" on which to go to Italy, before discussing the significance of Argentina's win in Austria on Wednesday. England beat the World champions, 3-1 at the start of their European tour and Mr Greenwood said, "Argentina's performance in Austria did the lad a lot of good. It will help our confidence."

England, who made a staggering nine changes for the Irish game at Wembley on Tuesday, are once again expected to have a much-changed side. The front pair, Kevin Keegan and Alan Devonshire, who played against Ireland, did not travel to Scotland. They are going on the trip to Australia and this will give them a bit of a break," said Mr Greenwood, who could make as many as another five alterations.

The championship may well be settled by the Scotland v. England meet, for beforehand there is the matter of tonight's vital game between Wales and Northern Ireland at Cardiff. The Welsh may include Ian Rush who became Britain's most expensive player when he signed for Liverpool.

Rush's goal, which came on as substitute for the injured Ian Walsh, who is unlikely to recover from a sprained knee in time. The 16-year-old Rush is the only other central striker left in the Welsh squad.

The Welsh manager Mike England delays naming his team until this morning so as to give Walsh, who has scored three times in the first 15 minutes, a rest. The two goals came from Santamaria and Luque. Jara scored for Austria in the 19th minute.

Coe returns to scene of former glories

David Jones (knee) and Paul Price (broken nose) every chance to report for him. Walsh's enforced absence against the Scots unbalanced Wales on Wednesday, and Mr England must regret that earlier injuries robbed him of the services of Alan Curtis and Robbie James for the home series.

As a precaution against further losses to his squad he called up Carl Harris, the Leeds winger, who had been out injured when England cut but his original squad from 22 to 15.

The Welsh will need to improve dramatically on their performance at Hampden Park if they are to gain the victory that will earn them the championship, providing Scotland do not beat England by a large margin. If Ireland win they will be forced to take the title outright. They have no problems physically or mentally.

Their manager Billy Bingham said, "We have a few minor knocks but nothing serious and the 1-1 draw at Wembley has done our morale a lot of good." Mr Bingham has decided whether to call up Billie Hobson, who scored the winner against Scotland or Terry Cochran, who came on as substitute against England.

Maradona's goal: Three goals from 19-year-old Diego Maradona, possibly the world's most exciting player, started Argentina's resounding 5-0 win over Austria in Vienna as they wound up their European tour before a crowd of 80,000 on Wednesday. They scored three times in the first 15 minutes, and ended 2-0 down. The two goals came from Santamaria and Luque. Jara scored for Austria in the 19th minute.

Coe returns to scene of former glories

Sebastian Coe is to return to Oslo, the scene of last summer's triumphs when he broke two world records, but Steve Ovett will not be allowed to compete against him. Coe has been given an undertaking by the organisers that his greatest rival, Ovett, will not be an all-star for the 1,000 metres in Oslo.

Last year Ovett's bid to compete against Coe in Oslo was rejected and his honest challenge in the Bannister Mile on Wednesday, came to nothing as Coe switched events. After crossing to victory in 47.58s at Crystal Palace, Coe qualified for the 1,000 metres in Oslo.

Mr Ovett has disclosed that full movement lasted two minutes 45 seconds and that 11 Lions handled the ball in the course of 33 passes.

Watch, too, for the way Price at right half consistently demolished van der Marwijk in the bridge," Coe said. "It's my opinion that in the 1,000 metres he's already done a 3,000 and 5,000 metres, and plan to run the mile in the latter counties on Monday."

On June 5 the plan is to run a 400-metre race at the Lougheed borough AAA meeting, which he is organising. Three days later, the Northern Counties championships at Hull, it will be another 800 metres. Training will be a priority until June 26, when Coe plans to run a 1,500 metres in Sweden, and finally there is the Oslo race on July 1.

Coe gave the truest indication of his progress this season with a superb anchor leg in the 4 x 400 metres relay at Crystal Palace where he recorded a fast 46.4 seconds.

Men: 100m, P. Little (Sport); 10.26 sec; N. M. McFarlane (Sport); 100m, S. Ovett (Sport); 47.58s; Bannister Mile, S. Ovett (Sport); 47.58s; 800m, N. M. McFarlane (Sport); 13.40.4s; 5,000m, N. M. McFarlane (Sport); 13.40.4s; 10,000m, N. M. McFarlane (Sport); 30.40m; 1,000m, S. Ovett (Sport); 26.70s; 1,500m, S. Ovett (Sport); 37.70s; 3,000m, S. Ovett (Sport); 7.17m; 5,000m, S. Ovett (Sport); 7.17m; 10,000m, S. Ovett (Sport); 21.70s; 15,000m, S. Ovett (Sport); 21.70s; 100m relay, England A, S. Ovett, N. M. McFarlane, P. Little, S. Ovett (Sport); 43.00s; 400m relay, England A, S. Ovett, N. M. McFarlane, P. Little, S. Ovett (Sport); 46.40s.

Women: 100m, (unofficial), H. Williams (Sport); 11.0s; 100m hurdles, L. Corlett (Sport); 13.0s; 200m, C. Walker (Sport); 24.90s; 400m, H. Williams (Sport); 51.00s; 800m, H. Williams (Sport); 1:59.10s.

Referees: H. Williams (N. Ireland).

### Championship table

	P	W	D	L	F	A	Pts
N. Ireland	2	2	1	0	2	1	3
Wales	2	1	0	1	4	2	2
Scotland	2	1	0	1	1	2	2
England	2	0	1	1	2	5	1

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### Racing

#### Haydock Park programme

20 ST HELENS STAKES (2-y-o maiden fillies: £1,459; SF)

22 LOWTON SELLING HANDICAP (£1,539; 1 mi 131 yd)

23 WILLOWS STAKES (3-y-o: £2,175; 1 mi 40yds)

23 JOHN DAVIES HANDICAP (£2,952; 7f 40yds)

24 NEWTON STAKES (Div I: 3-y-o maidens: £1,863; 1mi)

25 LEAGUE: New York, 1st; Cleveland, 2nd; Cincinnati, 3rd; Boston, 4th; Atlanta, 5th; Philadelphia, 6th; St. Louis, 7th; Detroit, 8th; Chicago, 9th; Milwaukee, 10th; Pittsburgh, 11th; San Francisco, 12th; Seattle, 13th; Los Angeles, 14th; San Antonio, 15th; Houston, 16th; Atlanta, 17th; Dallas, 18th; St. Louis, 19th; New Orleans, 20th.

26 AMERICAN LEAGUE: Boston, 1st; Toronto, 2nd; St. Louis, 3rd; Minnesota, 4th; California, 5th; Houston, 6th; New York, 7th; Atlanta, 8th; Chicago, 9th; Milwaukee, 10th; Pittsburgh, 11th; Cincinnati, 12th; Philadelphia, 13th; Boston, 14th; St. Louis, 15th; Atlanta, 16th; New York, 17th; Detroit, 18th; Chicago, 19th; Milwaukee, 20th.

27 LEAGUE: Montreal, 1st; Braves, 2nd; Philadelphia, 3rd; Cincinnati, 4th; St. Louis, 5th; Boston, 6th; Atlanta, 7th; Pittsburgh, 8th; Chicago, 9th; Milwaukee, 10th; Detroit, 11th; New York, 12th; San Francisco, 13th; Los Angeles, 14th; San Diego, 15th; San Antonio, 16th; Houston, 17th; Texas, 18th; Seattle, 19th; Oakland, 20th.

28 CHAMPIONSHIP: Boston, 1st; Atlanta, 2nd; St. Louis, 3rd; Philadelphia, 4th; Cincinnati, 5th; Pittsburgh, 6th; Chicago, 7th; Milwaukee, 8th; Detroit, 9th; New York, 10th; San Francisco, 11th; Los Angeles, 12th; San Diego, 13th; San Antonio, 14th; Houston, 15th; Seattle, 16th; Oakland, 17th; Atlanta, 18th; St. Louis, 19th; Pittsburgh, 20th.

29 CLUB HANDICAP (P: 3-y-o: £2,355; 6f)

30 BOXING HANDBICAP (£2,355; 6f)

31 CHOCOLATE HANDBICAP (£2,355; 6f)

32 PRINCE OF WALES HANDBICAP (£2,355; 6f)

33 ROYAL STAFFORDSHIRE HANDBICAP (£2,355; 6f)

34 ROYAL STAFFORDSHIRE HANDBICAP (£2,355; 6f)

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Promises of reform have come to nothing, and the power of the princes is causing concern

# Can a new royal strong man stop the slide in Saudi Arabia?

Six months after the Mecca fighting and as Saudi Arabia is about to launch its Third Five-year Plan the major topic of conversation in the Kingdom is still the film *Death of a Princess*. It is a symptom of the malaise afflicting Saudi Arabia that the Royal scandal takes precedence over the challenges of preserving the country.

Faced with what it feels is a direct danger of Soviet domination abroad and growing disillusionment at home, it seems that the Kingdom is suffering a crisis of morale. Protests of reform to satisfy the moderate elements of those frustrated at their lack of say in government have come to nothing. There is little public confidence left in the government's will.

Officials privately expressed surprising gratitude at the end of last month for an American statement of faith in the government, when not so long ago one might have expected annoyance that the stability of the Kingdom should even have been doubted. The statement followed a front-page story in the *New York Times* drawing attention to the profits that Prince Muhammad ibn Fahd, a son of the Crown Prince, had made from business dealings.

Whatever the truth of that accusation, it is clear that widespread corruption has come to be a danger to the loyalty commanded by the Royal family.



Women in purdah in Riyadh, and Crown Prince Fahd, the country's effective ruler.

Everyone expects a prince to do well out of his position but some Saudis are beginning to resent the sum they hear about on a well-developed supervene. Crown Prince Fahd profited from a purge of corruption after Mecca but at least one recent oil supply deal involves the payment of a second-generation premium above the price the Kingdom receives.

Although the Saudi government draws much of its strength from the spread of the 4,000 or 5,000-strong Royal family throughout the country and its blood relations with the leading tribes, administration is highly centralized. Even relatively minor decisions are made by a tight group of senior princes. That was a virtue in the days when Kings of the power of Abdul Aziz and Faisal were imposing order on the country but, in these days

of weak rule, blame for what many feel is the Kingdom's drifting focuses at the centre. Everyone is aware of the problems, and the government is not seen to be doing anything about them.

There is a concomitant demand for more public participation, with hopes pinned on the promised but postponed establishment of the Majlis al-Shura, or consultative council. It is far from being a movement for change, but it is just beginning to sink in to the Saudi people that they must now consider the kind of society that is to be built, how they can adapt their traditions to their new surroundings. It is significant that the most popular of the generally disregarded religious chat shows on television is chaired by Sheikh Tantawi, a divine almost Johnsonian in his forthright dispensing of the fog

of productivity has been laid, enormous strides have been taken in health and education and wealth has been effectively spread to a good proportion of the people. A severe monetary policy has dampened to below 10 per cent the inflation that arose from the excesses of the first years of the plan.

The heady days of release from their traditional poverty are over, however, and it is just beginning to sink in to the Saudi people that they must now consider the kind of society that is to be built, how they can adapt their traditions to their new surroundings. It is significant that the most popular of the generally disregarded religious chat shows on television is chaired by Sheikh Tantawi, a divine almost Johnsonian in his forthright dispensing of the fog

of discussion in urging people to take the comforts of the West while remaining true to themselves.

"Should we wear trousers?" he recently asked. "Why not? Should we sit in the dark because electricity comes from the West?" he replied.

Among most people the debate rises no further than general acquiescence to the proposition that foreigners are a damaging influence; the greater questions of how to turn King Abdul Aziz's empire into a state and how to discipline an independent, even lawless, people to productive labour are left to the radicals among commoners in the government. Although the Third Plan has not been published, the indications are that they will have their way.

Any such changes will be deeply unpopular. There must be some doubts over whether the government still possesses the moral authority to impose so fundamental a change.

If the shift can be interpreted as westernization, there is unlikely to be opposition from the *ulema*, the senior divines. They retain a powerful hold on the country, but one that has recently been used for an essentially trivial conservatism; for instance, in the way that *muzawain*, the employees of the Society for the Encouragement of Virtue and the Elimination of Vice—often erroneously called the religious police—raid hairdressers in Jeddah and beat up women in them.

Juhaiman ibn Saif al-Oteibi, the leader of the Mecca insurgents, regarded the *ulema* as having sold out to the establishment. Certainly the tradition

remains of close collaboration with the temporal powers, if such a distinction is valid in the Kingdom, and while they have pushed for the appearance of piety to be retained, their very success indicates how little influence they have on the more important aspects of development.

The fact that they should be given their head, illustrates how much this government has abdicated its responsibility to provide strong, clear and frequently intolerant leadership. More than once, King Fahd simply ignored their protests; until, in 1978, they staged a sit-in to the minaret who are the public evidence of the influence of the *ulema* are increasingly treated with derision as society moves and more divides into groups without the common experience and interests religion and poverty once gave.

The Third Plan may well knit the breach between prosperous city and declining countryside of the past five years; official hints have said that agriculture and rural industrial development will take precedence over investment in the large towns. In the cities, clan mobility is being reduced, easy money more elusive, and most people have found their social level; the non-royal elite taking much of their manners from the West and growing further away from the poor and the new middle-classes.

Many westerners and Saudis see danger in such undirected movements, the only hope lying in the emergence of a strong ruler to rescue the Kingdom as King Fahd rescued it from the excesses and corruption of King Saud's reign. No one questions that the new Fahd must come from the royal family; few Saudis, however radical, would wish altogether to abandon their traditions.

It is recognized that by and large the Royal family has done a good job of development. An appearance of moderate pace has concealed real advances in the general standard of living. The fear is that the slide could continue to some undefined nadir while the government lacks the moral strength to reform (concluded).

Timothy Sisley

# Foreign policy how not to come a cropper

There were two dimensions to the Iranian sanctions fiasco this week. Principal attention has rightly been given to the effect upon our allies of such a ready reversal of an international commitment. But the Government would never have got into this mess if more thought had been given to how foreign policy should be conducted at a time when Parliament has become more assertive.

It is no more than a half-truth to say that the decision to make sanctions retroactive was abandoned because ministers believed they would be defeated in the House of Commons. The Chief Whip certainly warned his colleagues of this danger when the Prime Minister convened a meeting of senior ministers within a few hours of Sir Ian Gilmour being given such a rough ride when he made his statement to the House on Monday afternoon. This warning related both to the emergency debate that the Speaker had granted for Tuesdays afternoon and, more particularly, to the subsequent votes on orders to apply the sanctions.

The Third Plan may well knit the breach between prosperous city and declining countryside of the past five years; official hints have said that agriculture and rural industrial development will take precedence over investment in the large towns. In the cities, clan mobility is being reduced, easy money more elusive, and most people have found their social level; the non-royal elite taking much of their manners from the West and growing further away from the poor and the new middle-classes.

But what was especially significant is that the grounds for this warning were never tested. It can have been no more than an informed guess. There was no time after Sir Ian's statement for a thorough check to have been made of members' opinions. In any case, it is well known that squalls of parliamentary fury may suddenly subside when the Whips apply their pressure.

Yet the possibility of bringing enough of the critics into line was never discussed at the Prime Minister's meeting. The Chief Whip's assertion was made and never challenged, as it surely would have been if that had been the only reason for reverting the commitment.

Had Lord Carrington argued that it was essential for international reasons that policy should stand he would no doubt have questioned the Chief Whip's assumption. But that was not the position he took. Any idea that he was overruled by his colleagues is wide of the mark.

And they decided that this was not an issue on which they were prepared to defy backbench opinion. They knew that no assurance had been given to the House that the sanctions would not be retroactive, but they recognized that this was the general impression that had been conveyed.

A paper from Brussels

If such a case can for Congress's role in policy it is, to judge by much more limited exercised by Parliament Westminster, even to count of present or more active parliamentarians a necessary means that foreign policy gets not far out of public opinion.

If that happens a cratic country's foreign is bound ultimately in any case, so many a national policy these subject to internationalisation that it would be unable to safeguard then democratic challenge.

Yet international present a special case it would be impossible to conduct diplomacy effect every step along the subject to parliaments vision. The process national negotiation is weaken a national le; control over government if that policy is immobilized.

There are times legislature is justifying in advance it beyond which it will approval. But it is foolish to suggest that parameters for a n should always be open minded. No country c conduct its diplomacy if the remit for its tatives was always advertised.

How then can a balance be struck? by rigid rules the acceptance of the propositions. A great of parliamentary in the conduct of fore

than has been cast Britain is inevitable ultimatively be healthy. That intervention is short of the contro desirable over home. And both Ministers are handing foreign p to have take closer constant account of the future. There were some special factors in this instance.

The degree of muddle that has been evident in the Foreign Office's handling of the affair does not, one hopes, have to be accepted as a permanent feature of British Government. Throughout the whole sancs saga there has been a

This was not a case of deliberately misleading the House for the simple reason that it was a faithful reflexion of ministerial attitudes when the Bill was going through Parliament last week. In discussions between ministers before the Naples meeting of EEC foreign ministers last weekend retrospective sanctions were not excluded, but they were not contemplated either. Britain did not take the initiative in the United Kingdom more effectively common defence against the common terrorist enemy.

In making this commitment Britain's negotiators were not going beyond their remit from the Cabinet, retrospective sanctions had not been ruled out. What they failed to do was to take sufficient account of parliamentary opinion. This is the point of significance for the future. There were some special factors in this instance.

For these our "Islands of the North Atlantic", the felicitous acronym "IONA", has been devised. Iona has through centuries been a symbol and a vision on both sides of the Irish Sea.

John Biggs-Davison

The author is Conservative MP for Epping Forest.

## The ties that still bind Britain and Ireland

One of a number of Irish myths is that Partition was an Orange-card-trick. Serious students of the history will discover that successive British governments never wanted it. The Government of Ireland Act 1920 made provision for a Council of Ireland. Its purpose was defined in an Explanatory Memorandum:

"Although at the beginning there are to be two Parliaments and two Governments in Ireland the Act contemplates and affords every facility for union between North and South, and empowers the two Parliaments by mutual agreement and joint action to terminate partition and to set up one Parliament and one Government for the whole of Ireland . . ."

Meanwhile, there was to be a "band of union" through a Council of Ireland of 20 from each Parliament. This was "to initiate proposals for united action" for the two Parliaments.

The Act came into force in May 1921; but the Parliament of Southern Ireland never met to any purpose. Sinn Féin separation had overshadowed Home Rule and the southern membership of the Council was never elected. Which was no fault of the British, nor indeed of the Ulster Unionists. The parliament of Northern Ireland appointed its representatives to the Council of Ireland as early as June 1921; but the parliament or *Oireachtas* of the Irish Free State never reciprocated. So the Council of Ireland did not function. Yet matters specifically reserved to it by the Act

of 1920 were for a time exercised by an Imperial Secretary in Belfast.

That Partition was not the play of an imperial power determined to divide and rule was demonstrated by Lloyd George's efforts to persuade Sir James Craig (Antrim's Lord Lieutenant) to end it. Craig skilfully evaded the advances made in correspondence prepared with the leaders of Antrim and Sir Edward Carson (afterwards Lord Altrincham). Financial carrots were dangled. The sticks of customs barriers were threatened. All he could do was to delay, to buy time.

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not expect them to come back into any all-Ireland framework without their consent." That consent has been withdrawn, by the votes cast in successive elections for Unionist parties and the pro-Union Alliance and in the Border Poll of 1973. In 1978 a survey done by the Economic and Social Research Institute of Dublin found that three-quarters of Northern Ireland people, including nearly half the Roman Catholics, favoured links with Britain.

"Geography" (a Sinn Féin wrote in 1910) has worked hard to make one nation out of Ireland; history has worked against it. The island of Ireland and the national unit of Ireland simply do not coincide . . . After 300 years England has begun to despair of compelling us to live by force. And so we are anxious to start where England left off and we are going to compel Antrim and Down to live by force." He made the same point as later did Edward Heath: "You might as well say that Spain ought to absorb Portugal."

Physical force republicanism has been self-defeating. The loyalist north was also alienated when by stages and stealth the Crown was chipped away and then "Eire" left the Commonwealth, although it had already

provided at India's behest for something like de Valera's "external association". Leo Amery has recorded a last talk with Kevin O'Higgins shortly before his murder.

"He suggested that a more intimate economic and military cooperation between the United Kingdom and Eire than existed within the wider Commonwealth would be the natural consequence of our geographical position and past history. He was, I think, far-sighted enough to realize that only on some such lines would it be possible ever to bring Ulster into a united Ireland."

But despite everything, there is a very special relationship and virtual common, though not wholly reciprocal, citizenship between the Kingdom and the Republic. Mr Liam Cosgrave was addressing the 1900 Club, with which "Bloody" Baird was once associated, when he spoke of the religious bonds across the border and also cited trade union, banking and sporting links. Loyalist Ulstermen play for "Ireland", even if the tricolour is displayed instead of, as would be proper, the cross of St Patrick. At an Army reception in Lisburn early in the current troubles, a tweed Ulster lady was heard to exclaim: "The trouble with

you English is that you don't want us Irish to remain British."

Mrs Thatcher had not yet declared her party "rock firm for the Union", nor, as Prime Minister, delivering his first Airey Neave Memorial Lecture, described the Irish Republic and the United Kingdom as "more intimately related than are any other members of the Commonwealth".

The Council of Ireland used to be Unionist policy. Since Sunningdale the idea arises Unionists fears and republican hopes. Is there, however, a case for a Council of the British Isles for cooperation and consultation, without prejudice to the sovereignty and status of the United Kingdom of Great Britain and Northern Ireland, the Republic of Ireland or indeed the Isle of Man and the Channel Islands?

Kevin O'Higgins's desire for military cooperation at present offends against the neutrality of the Republic. Yet the Republic needs as much as does the United Kingdom a more effective common defence against the common terrorist enemy.

Both countries should, moreover, work closely together to obtain for the Irish regions the full advantage of European aid and investment. For these our "Islands of the North Atlantic", the felicitous acronym "IONA", has been devised. Iona has through centuries been a symbol and a vision on both sides of the Irish Sea.

John Biggs-Davison

The author is Conservative MP for Epping Forest.

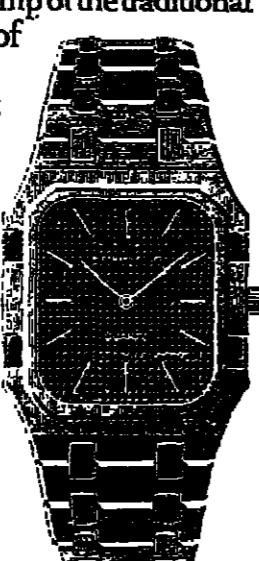
## MOSCOW MONEY DIARY

"Is this," I teased, "the acceptable face of innovation?"

I was surprised to see a quartz watch made by Audemars Piguet. That they had, for once, forsaken the dedicated craftsmanship of the traditional movement for the wizardry of electronics.

But when I examined it more closely, I could see that this was no ordinary quartz watch. The slimness of the shimmering case, the delicacy of design were unmistakably the handiwork of Audemars Piguet.

He glanced benevolently over the half moons of his spectacles. "Even for us," he said, "time doesn't stand still."



**Audemars Piguet**

Illustrated brochure and a list of appointed jewellers are available from Audemars Piguet, 67 Saffron Hill, London EC1N 8RS.

Very few people in the West know what a couple looks like. The Soviet Union, a military superpower with a vast internal economy, has a currency that is officially worthless outside its own frontiers. You cannot legally take roubles in or out of the country, you cannot use Soviet money in payment on Soviet ships, trains or planes outside the USSR and you cannot use roubles to pay for any international transaction apart from buying an airline ticket (which cannot be refunded for western currency). No country seems to hold its own currency in such contempt.

But everyone knows that the exchange rate fixed by the Russians is totally artificial. The real market value of the rouble is about a quarter of the rate decreed by the state bank. The law is exceedingly strict on currency transaction, and the penalties for changing money on the black market are severe—up to eight years in a labour camp. But the Russians themselves have such a bewildering array of exceptions and loopholes in the regulations that it is often hard for a foreigner to find his way through the economic maze. The confusion is probably intentional. To accuse someone of currency violations is always

a useful charge if you want to find a reason for expelling him. If you come here as a tourist you will soon learn some of the peculiarities. One entering the country you have to declare all the money in your possession. This enables you to change back any unspent roubles on leaving, up to the value of the western currency you can prove you have exchanged. If you end up with more roubles, you have clearly been up to no good.

When you change your money—don't forget to keep the receipt—you may want to buy a few souvenirs. But if you go to any of the main souvenir shops you will find they do not accept roubles. You can pay only in "hard"—i.e. capital currency. And in these hard currency shops choice items such as fur hats and decorated wooden plates are not only more available than in ordinary shops, but we are half the price.

There are plenty of other things you cannot buy with roubles. Tourists will not accept Soviet currency for any excursions which organize—though western credit cards are perfectly welcome. If you are resident here you cannot pay your rent, telephone bill, subscription to news agencies, or handling charges for goods imported by road in roubles. And such things as insurance policies, hotel bills and even bus tickets are also better paid in foreign currency. But the real confusion begins

when you find out there are several kinds of roubles with different effective values. There is a network of shops for foreign residents which accept payment only in rouble coupons, and in these semi-secret establishments, tucked away in back streets with drawn blinds, you can get imported food and drink, radios and electrical items and clothes for sometimes a quarter of the price on the open market—if they are even available.

Westerners have to buy their



coupons for hard currency at the bank for foreign trade (where you are not even allowed to keep your bank account in roubles). But some European have different coupons for use in different countries. But some African embassies can only make ends meet in Moscow by smuggling in soft roubles bought abroad and concealed in diplomatic bags.

This is categorically forbidden by the British, American and most other western embassies. But it is no secret that in the Middle East, Switzerland, Hong



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## INDID FRIENDSHIP

lish on the opposite page of a series of five articles in Arabia by Mr Timothy who recently returned to our correspondent. On page we publish a report by Lord Carrington in which he deplores the damage to Anglo-Saudi relations by a Death of a Princess and of the need to "strive to understand" about di-way of life.

A Death of a Princess was open to criticism because it did not seem to be a serious attempt to and Saudi society. It is the atmosphere of and rumour with which aspects of Saudi society sounded in order to come galloping detective story usually presented as fact have exploited the same here to propagate garbled about attempted coups princely thefts from Saudi Arabian Monetary and public denunciation of the royal family by religious officials; and we accused *The Times* of complicity in the West of some people in they have an interest in Saudi Arabia's stability, sentiment in Saudi Arabia's western attitudes. Who is have such an interest,

it is certainly not the people of this country. But if such rumours and innuendos are not to thrive, it is very important that the true facts about Saudi Arabia should be made available.

It has to be said that the Saudi authorities do not make that particularly easy. They censor rigorously what appears in their own press. They do not allow foreign news agencies to open bureaux in the Kingdom, nor do the accredit correspondents from foreign newspapers. Journalists working on Saudi newspapers are discouraged from writing regularly for newspapers abroad, and sometimes actually stopped from doing so. Journalists wishing to visit the Kingdom often have to wait months for visas.

All these circumstances make it difficult for outsiders, and in fact for most people inside the Kingdom, to know what is really going on. Even among those best informed, interpretations inevitably differ. Mr Sisley's interpretation is not the only one, and obviously not the most comforting to the Saudi Government. But it is the considered interpretation of a journalist who has lived for two years in the country, and it should be taken seriously.

It can hardly be denied after all, that the Saudi political system faces serious problems. What society in the middle of such a dizzying economic leap forward would not? Nor can it be denied that the events of last November

revealed some disquieting cracks in a hitherto remarkably smooth facade or that corruption in high places is extensive and arouses widespread resentment. Members of the Saudi Government have admitted this and have pledged themselves to do something about it. To point to the need for change is not to insist that a Moslem society ape an inappropriate western model. It is to echo the concern of very many educated Saudis who themselves feel that the industrialising, bureaucratic Kingdom of today can no longer be managed in the personal, absolutist style of King Abdul Aziz.

The Iranian revolution will certainly not be repeated in Saudi Arabia. Far too many features distinguish the two societies for that. But that does not mean that nothing can go wrong. Saudi Arabia went through a very bad patch in the late fifties and early sixties, under the incompetent rule of King Saud. That kind of instability would be far more damaging to the world as a whole in the economic and political circumstances of today. To draw attention to this danger and to urge Saudi Arabia's rulers to take it seriously, is the act not of an ill-wisher but of a sincere friend. And friend who is aware of the problems will also avoid putting pressure on the Saudi rulers to adopt policies—in such matters as the Palestine problem or oil pricing—which would make those problems harder to manage.

## HUSAK'S DISMAL DICTATORSHIP

He has just been elected for his five-year term as of Czechoslovakia. He is much a product of aggression as is Mr in Afghanistan; just as the unsuccessful and leader of an occupied

Although he did not party leader until the following the invasion of although he had some from party colleagues squabbled thought he some of the freedoms year before, he would been elected, nor would survived as party leader resident, without the political and military of the Soviet Union. other hand he did have in the early stages to a degree of support or from his people. I have attempted a reason, as Mr Kadar did in some years after the of 1956, by drawing under the past and that "those who are us are with us". He kept open links with mists of 1968, some of ready to work within reality of Soviet occupancy at least remnants forms. He could have to the realism and of the Czechoslovak help him to do his best in adverse circumstances. Perhaps the Russians en have ousted him but have got away with it,

The mixture has not worked.

Living standards have been stagnant or in decline since the price rises of 1978. The economy is in crisis not only because of external factors but also because of just those rigidities in the system which provoked the thinking which led up to the reforms of 1968. Now there are stirrings of the same thinking because there is no other remedy, but there is little sign of effective action. The recent much-trumpeted economic reforms seemed to offer greater flexibility with one hand while whole was offered a rapid increase in living standards on the implicit condition that it gave up all interest in politics. The reforms were all abandoned, and the country came to be run by mean-spirited mediocrities.

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Meantime pressure increases on those few brave people who engage in peaceful opposition or who, like Dr Tomin, merely try to establish small islands of free-

## WS IN VOCATIONAL TRAINING

the chief points of concern schools appear almost insignificant beside the entrenched and time-honoured deficiencies described in the arrangements for training within industry itself. In many other countries the Government is closely involved in the details of industrial training (the report might well have relaxed its brevity a little to examine these arrangements, instead of merely remarking—just enough no doubt—that such things do not transplant easily from one society to another). In Britain, the Government has left matters mainly to be settled between management and unions in the industries concerned. It is an indictment of prevailing attitudes on both sides that this has meant the perpetuation in many instances of arrangements that are inefficient, inflexible, and shamefully unjust.

When the strongholds of privilege in our society are decimated, the apprenticeship system seldom receives much attention. Yet the use of industrial qualifications to close off many of the most rewarding areas of employment to those not fortunate enough to gain apprenticeships at the age of 17 is a scandal not dissimilar in its effects to the old eleven-plus

examination. At least a third of pupils who leave school at 16 go into jobs where they receive virtually no training, and therefore are never likely to receive any training at any time in their working lives. The injustice to the unskilled is coupled with an injustice to women, who enjoy far less than their share of industrial training.

Quite apart from the waste of talent that this system entails, it perpetuates archaic demarcations of skill which changed techniques have often made completely irrelevant. Retraining too, which becomes increasingly important as the pace of technological change grows, is neglected and obstructed. What is needed, as this report argues, is a modular organisation of training, so that skills (objectively defined and universally accepted) can be gained in stages throughout an individual's working life, without artificial barriers to access based on age, sex or status. Much of this was pointed out by the Donovan Commission 12 years ago, and little has changed since. The Manpower Services Commission is to report on the same problem later this year. It should come up with constructive proposals to overcome the system's ingrained resistance to change.

It is entirely proper to criticize the inaction of the Forestry Commission, for it is nearly a full decade since the two Royal Forestry Societies of Britain (Sitska Study Group: Lochgilphead, 1971) initiated such an examination. No significant silvicultural response has yet materialised though further hundreds of thousands of acres of forest have been established.

Let us not shrink from the fact that windbreak is the nightmare of all those engaged in this industry and that the financial implications of this hazard have not been publicly declared. May we challenge the Forestry Commission—or indeed the private sector—to show the one single forest of spruce of, let us say, 1,000 hectares in the whole of Britain which is being successfully brought to a planned harvest even according to the Forestry Commission's own undemanding returns.

## of forestry

General D. G. Moore reference to the Chief Officer's letter (May 9), I am grateful to denigrate the services of the Forestry Commission. We submit, however, that a financial return on the very investment in this nationalized is pitifully small for assessing the most favourable combination of climate and the growth of forest in the northern hemisphere. For this state of affairs examination as ruthlessly as of other nationalized. Nevertheless, there is a role demand for our own produce and our failure lies in our

## LETTERS TO THE EDITOR

## The peace of Jerusalem

From Brigadier Lord Ballantrae

Sir, My intermittent experience of "Palestine", to use a word which still remains convenient, goes back to 1957. I served there before and after the war, both as a soldier and in secondment to the Palestine Police. I have been back there several times since the mandate ended, and plan to go again later this year. I have kept up close friendships with prominent Jews and Arabs. I have argued the Jewish case with pro-Arabs and the Arab case with pro-Jews, recognizing the sad truth that each case has the right overwhelmingly on its side and is irreconcilable with the other. On the day in 1947 I was stoned by Arabs near Beisan in the morning and had my head cut open while boarding a Jewish "illegal immigrant" ship of Haifa in the afternoon.

All these 43 years I have scrupulously abstained from allowing my sympathies to be engaged by one side more than the other: both have had them to full measure. It is from this standpoint that I now express my regret at the increasing pressure by the less tolerant Israelis on the Arabs of the West Bank in general, and of East Jerusalem in particular. The status quo ante of the last 13 years has not been happy for either side and has borne especially hard on the Arabs, who, partly from intransigence, have lost so much; but at least it was working after a fashion. It makes no sense to "pray for the peace of Jerusalem", and with the same breath to blow up the fires of resentment with the establishment of new settlements in Arab areas by force of arms: to erase the last semblance of the Arab character of East Jerusalem; and to impose the compulsory purchase of the East Jerusalem Electric Company, almost the last public utility of any consequence in Arab hands.

To plead with the "hawks" would be a waste of time; but in praying for peace it might not be unrealistic to hope that a large body exists of potential "doves" who have not yet exerted their full influence for a more generous and understanding policy. If they were to do so, there might still be some prospect of dawn in the darkness, just as one has so often rejoiced to see the sun rising over Moab. I have the honour to remain, Sir, Your obedient servant,

BALLANTRAE,

Auchterlins,

Bedfordshire,

May 15.

## Africa's refugee crisis

From Professor Richard Greenfield

Sir, In many ways there are wider dimensions to the Somali refugee crisis to which Mr Louis FitzGibbon properly draws attention (May 8). I, too, can vouch personally for vast numbers of refugees—generally agreed to total around one million—within the Somali Democratic Republic. But they are by no means the whole story. There has been little publicity and their plight remains precarious. Moreover, next month, the Sudan is to hold a pledging conference appealing for aid for yet a further nation, again nearly all from Eritrea and Ethiopia. And there are lesser numbers of Ethiopian refugees too in Kenya, Saudi Arabia, and throughout the western world.

Earlier this month the Ethiopian Provincial Government itself appealed for aid for nearly five million people (largely Oromo), whom a ministerial commission has just discovered to be on the verge of starvation in the south of the empire-state.

There are of course other remedial options open, such as calling off fighter-bombers, soldiers and surrogates and the abandoning of attempts to subjugate these areas and settle highlanders from traditional Abyssinia on lands acquired during the scramble for Africa (or later in the case of Eritrea). In all, Africa's fever for self-determination is now understandably rife. The human flood of refugees and displaced persons in and around the tormented Ethiopian empire is really a unitary problem, if by far the largest in the world, centred on one country.

The overall refugee crisis in north-eastern Africa cries out not only for urgent and immediate relief but for long-term resolution. History will surely judge us on how we have perceived causes rather than symptoms. A Catholic bishop in the United States recently warned, in the context of refugees in Somalia, that the world cannot cope with more than one catastrophe at a time." Let me be right, it might be noted that except for a bigger airlift and the largely surrogate rather than Soviet troops, there is little difference between the situation in Ethiopia and that in Afghanistan. Neither regime is remotely representative, nor would they last five minutes without Russian support. Both are pawns in the same wider game.

Thus if, as to be hoped, a resolution by conference of current world crises in the middle East is to be attempted, let not that posed by Africa's last empire be overlooked.

Yours truly,

RICHARD GREENFIELD,

St. Anthony's College,

Oxford.

## Dealing with violence

From Mr S. P. Thompson

Sir, Your correspondent Mr K. W. Lidstone (May 20) is certainly inexperienced and very naive if he believes that, in certain circumstances, the main police function of maintaining the Queen's Peace can be effectively carried out without some resort to the "Ways and Means Act"—a time-honoured police expression for the use of discretion in situations inadequately foreseen by the legislators in their ivory tower.

Yours faithfully,

S. P. THOMPSON,

(Retired Police Superintendent),

The Corner House, Wilton, Cheshire.

## Funds for the Acropolis

From Mr B. F. Cook

Sir, Other readers have dealt appropriately with Mr Bernard Levin's schoolboy howlers about Apollo and the Parthenon (article, May 13). They were amusing rather than offensive. Where Mr Levin has given offence is in implying that the Greeks can be expected to misappropriate the funds raised in this country and abroad for work on the Acropolis. In fact, every drachma so far spent on conservation of the Acropolis and its buildings has been

## LETTERS TO THE EDITOR

## Retaining Britain's nuclear capability

From the Deputy Director of the Institute of Strategic Studies

Sir, It is with some trepidation that I follow three former Chiefs of Defence Staff into the marsh but I believe that there is more to be said about the maintenance or otherwise of Britain's nuclear deterrent forces than has been said so far in these columns.

Sir Neil Cameron stands for the continuation of the deterrent: more or less in its present form; he stresses the importance of independence of control and he is not unhappy at the prospect of meeting the cost from a defence budget, which we must presume to remain more or less at today's levels. Lord Hill-Norton, in supporting Sir Neil Cameron, stresses the deterrent effect of nuclear weapons, doubts the validity of the American guarantee and argues that Britain's deterrent forces not only act powerfully to protect our own vital interests against threats or blackmail but also those of our European Allies.

Lord Carver dissent. He not only questions whether British nuclear forces would be used in circumstances where American forces would not, but he is not prepared to differentiate between Britain and the rest of Western Europe. We may indeed, as Lord Carver argues, be self-detected in the event, but that seems to matter less than the fact that the value to the Soviet Union of the annihilation of the United Kingdom may be less than the value to the Soviet Union of what the United Kingdom could destroy.

I remain unhappy about the strategic/theatre distinction. I like Lord Hill-Norton, incline to the belief that nuclear weapons are not usable or useful in fighting a war although I am convinced that they tend to deter the other side from using nuclear weapons both prior to and during a conflict. Given that the Soviet Union possesses a wide variety of nuclear weapons, I consider it important that Nato should possess nuclear weapons in order to deter Soviet Union first use and that there should be a sufficient range of options available to Nato so that the response can be proportional to the threat posed. The United Kingdom can—and probably should—contribute to that range of options pro rata either by undertaking to provide and man the delivery systems for American dual-purpose nuclear warheads or by producing systems of our own to add to the common Nato pool.

Some will deter the use of Soviet short-range nuclear systems: others—by threatening to strike the Soviet Union—should deter the use of Soviet systems against industrial or strategic military targets in Western Europe.

The logical consequence of this line of reasoning is that Nato must be prepared to deploy conventional strength sufficient to make it uncertain that the Soviet Union could achieve any worthwhile objective in Europe by conventional means alone.

We should therefore, in my view, consider what insurance premium we should be prepared to pay for the additional national and Alliance security provided by an independent long-range nuclear capability. My fear is that the premium may be set at the point where the conventional premium can no longer be afforded and has to be reduced. No one should pretend that it is an easy choice to make but I sense that by being encouraged to ask for the best that money can buy—which is probably Trident—the Government's advisers have overlooked (or deliberately ignored) less expensive but probably adequate deterrent systems. Anyone invited to choose a car will go for the best on the market, especially if he is not having to pay for it himself, but there are other forms of motor transport available which are undeniably cheaper. If we cannot afford a Rolls-Royce, we should not scorn the humble Mini. It may be much better than nothing.

I have argued elsewhere that there are alternatives available—either the run-on of Polaris or a cruise missile variant—which are undeniably less up-market than Trident but which will do the job while still allowing us to maintain our conventional capabilities more or less unimpeded. I do not think that the choice is between Trident or nothing. It need not be so starkly presented. In the rather frightening uncertain world that lies ahead I would however feel more comfortable if we had some means with which to bargain in a confrontation with the Soviet Union.

JONATHAN ALFORD,  
Deputy Director,  
International Institute for  
Strategic Studies,  
23 Teviotstock Street, WC2.

May 15.

## Aim of academic research work

From Mr Michael Posner

Sir, Yesterday you kindly printed a short note from me which, inter alia, defended the principle of free academic endeavour in the field of anthropology. Today (May 22) you print a long letter from Mr T. S. Maxwell of the Ashmolean, suggesting that I wish to expel the Master of Balliol for wasting his time with Aristotle. Your readers might well be puzzled. In fact, as your education correspondent correctly reported, we have been urged by many of our academic colleagues to find out what happens to the several hundred students who we launch into research training each year. We round, for one bunch, that six of seven years after they start writing theses, less than half had finished them, in many cases as I told the Public Accounts Committee: there are good academic reasons for such relatively long-lived projects; but at the high tables where I have dined recently I find most academic colleagues raised their eyebrows at these figures, and, in the less polite circles of Whitehall and Westminster, some people raise their voices as well.

I am inclined to think that, in some physical sciences, senior scholars define a "Ph.D thesis" as the sort of book that a first-class, hard-working young man can finish in two or three years. In some other subjects we have different definitions, which may not be the best ones to use. Moreover, the happiest and most academically bright students are often those working with a group of other scholars, senior or junior, in a close partnership.

Not always, of course. And, since I at the moment live next door to the Ashmolean, perhaps I should say that I have "no territorial ambitions" to colonise the world of the true and beautiful in which "many of my best friends" live. (Perhaps, to avoid further misunderstanding, I should say that the words in inverted commas are intended ironically.) In the slightly more humdrum worlds of energy economics, the sociology of health or the study of voting systems, I think it not entirely inappropriate to discuss postgraduate work in the humdrum language of value for money.

Yours faithfully,  
MICHAEL POSNER,  
Chairman,  
Social Science Research Council,  
1 Temple Avenue, EC4.

## Israel and Unesco

From Mr Peter Cotes

Sir, No words of mine are needed to defend Mr Menihin from unjust slurs. It is manifestly clear that down the years he has used his art not only to give joy to countless millions but also to promote universal understanding between nations. When Arthur Rubinstein alleges that his great fellow musician is a bad Jew, I would respectfully query whether it is not possible to be an orthodox Jew and a bad citizen? Not a bad citizen of Israel, of course, because Mr Rubinstein does not live in the country that he thinks it necessary to defend—from, of all people, Mr Menihin!

Arthur Rubinstein's "world" is, in my view, oddly insular, whilst that of Yehudi Menihin, with its broad, bold and compassionate vision, has long embraced the entire universe: sensitively noting that when wrong is done to some it is done at all. Jew and Arab form part of that brotherhood of all people of goodwill, unwilling to see the world as number of warring states, and hungry to replace the senseless national barriers with a belief that men and women are separated by the illusion of national characteristics.

I am, Sir,  
Yours faithfully,  
PETER COTES,  
Savoy Club,  
9 Fitzmaurice Place,  
Berkeley Square, W1.  
May 17.

## China's new missile

From Mr Gerald Segal

Sir, Your leader (May 19) on China's new missile properly pointed to the greater significance of Peking's intercontinental ballistic missiles for the West than for the USSR and for China



## COURT CIRCULAR

**BUCKINGHAM PALACE**  
May 22: Mr T. Gray was received in audience by The Queen and kissed hands upon his appointment as Her Majesty's Ambassador Extraordinary and Plenipotentiary at Libreville.

Mrs Gray had the honour of being received by The Queen at Mr O. G. Griffin (British High Commissioner to the Kingdom of Libreville) and Mrs Griffin had the honour of being received by Her Majesty.

Mr J. R. Rich was received in audience by The Queen and kissed hands upon his appointment as Her Majesty's Ambassador Extraordinary and Plenipotentiary at Libreville.

Mrs Rich had the honour of being received by The Queen.

The Prince of Wales, Duke of Cornwall, visited Duchy Property near Cirencester, Gloucestershire, this morning.

Her Royal Highness, attended by Captain Anthony Asquith, was present this evening at the Annual Dinner of the Saints and Sinners Club of London at the Savoy Hotel, London, WC2.

The Duchess of Kent was represented by Major Shane Blewitt (Assistant Keeper of the Privy Purse) at the Memorial Service for Sir Eric Savill (former Deputy Ranger, Windsor Great Park) which was held at St Michael's Church, Chester Square, SW1, this afternoon.

The Duke of Edinburgh was represented by Lord Rupert Nevill.

**CLARE HOUSE**  
May 22: Queen Elizabeth The Queen Mother was represented by Sir Martin Gilliat at the Memorial Service for Sir Eric Savill which was held at St Michael's Church, Chester Square, SW1, this afternoon.

### Birthdays today

Sir Edwin Arrowsmith, 71; Sir David Barron, 68; Sir Matthew Campbell, 73; Sir Hugh Casson, 70; Mr Denis Compton, 62; Air Chief Marshal Sir Hugh Coningham, 72; Sir Samuel Cowen, 69; Viscount De L'Isle, 76; Mr Marius Gorring, 68; Sir Arthur Grasman-Bell, 77; Mrs Margery Hurst, 67; Baroness Jackson of Lodsworth, 66; Sir Harold Robbins, 83; Dr Edmund Rubbra, 79; Mr Jack Steinberg, 67; Mr Arthur Wooller, 68.

### Latest wills

Latest estates include (net, before tax paid; tax not disclosed):  
Baldwin, Mrs Gladys, of St Anne's M143,127  
Clarke, Evelyn Lily, of Wimborne M127,974  
Coad, Major-General Basil Aubrey, of Devizes, commander of the 27th Infantry Brigade in Korea, 1950-51 M127,974  
Ellison, Mr Desmond Francis, of Bexhill, colonel, retired, his officers' estate in England, Wales and Irish Republic £165,310  
Evans, Mr Richard Trevor, of Cardiff, bank manager £120,127  
Jevons, Mrs Madeline Hall, of Edgerton £280,948  
Jenkins, Mrs Caroline E., of Worcester £515,126  
Wilkins, Mr Frank Herbert, of Stourport, master butcher £245,533

Chester Square, SW1, this afternoon.

**KENSINGTON PALACE**  
May 22: The Princess Margaret, Countess of Snowdon today visited the University of Keele.

Her Royal Highness, as Chancellor, conferred an Honorary Degree on the Secretary-General of the United Nations, Dr Kurt Waldheim.

Her Royal Highness was attended by The Hon Mrs Whitchurch and Major The Lord Napier and Ettrick.

The Princess Margaret, Countess of Snowdon was represented by Mrs Alastair Aird at the Memorial Service for Sir Eric Savill which was held at St Michael's Church, Chester Square, SW1, this afternoon.

**KENSINGTON PALACE**  
May 22: The Duke of Gloucester, Patron, The Victorian Society, attended by Lieutenant-Colonel Simon Bland, left Heathrow Airport, London this morning, in an aircraft of The Queen's Flight for the Federal Republic of Germany to attend a Seminar on "Prince Albert and the Victorian Age" at Bayreuth University, Coburg.

His Royal Highness was received at the airport by Sir Alan Stowe, Representative of the Secretary of State for Foreign and Commonwealth Affairs.

Mr J. R. Rich had the honour of being received by The Queen.

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The Duke of Edinburgh was represented by Lord Rupert Nevill.

**THATCHED HOUSE LODGE**  
May 22: Princess Alexandra was represented by Miss Mavis Mitchell at the Memorial Service for Sir Eric Savill which was held at St Michael's Church, Chester Square, SW1, this afternoon.

**Memorials**  
May 22: Queen Elizabeth The Queen Mother was represented by Sir Martin Gilliat at the Memorial Service for Sir Eric Savill which was held at St Michael's Church, Chester Square, SW1, this afternoon.

### Today's engagements

Princess Margaret undertakes engagements in Herefordshire, Antiques fair, The Maltings, Snape, Suffolk, 11 to 8.

Brighton boat show, 10.30 to 7.30, Food and wine festival, Alexandra Palace, London, 2 to 8.

Chelsea Flower Show, Royal Hospital grounds, 8 to 5, last day, Royal Horticultural Society Forum, Harrow, 8.

Fashion show of Victorian clothes, The Drum, Gilmerton, Edinburgh, 8.30.

Words and music for a flower festival, St George's, Swallowfield, Lincoln, 7.30.

Talis: An evening with Svetlana Beriosova, with Noel Cowdery, 7.30 to 9.30, Max Beckmann's Pruner, by Mary Ellis, Tate Gallery, 1.

Exhibitions: Imperial Ottoman textiles, 14 Old Bond Street, 9.30 to 10.30; Puppetry of the Italian Chamber of Commerce, 2nd floor, 2 to 5, last day, Royal Horticultural Society Forum, Harrow, 8.

Snug at the Hill, work by 38 metal smiths, Goldsmith's Hall, Foster Lane, 10 to 15.

Lutichine music: Organ recital by Peter Schaeffer, St Paul's Cathedral, 2.30 to 4.30, John De Stefano, piano, Central London Institute, Upper Warden, Mr Ernest E. Beckett and the Under Warden, Mr William H. Wyke Harris, and their ladies received the guests, Mr J. Ainsley and Sir Gordon Wolstenholme, Master of the Society of Apothecaries of London, were speakers. Others present included: Lord Clegg, Mr Hugh Rossi, MP, also spoke, among the guests were Mr and Mrs Edward Woodward, Lord of Waddington, Lord Selvon, Sir Christopher Laver, Sir Giles Loder, Lady Villiers, Lady Margaret, Mr and Mrs David Savill, Mr and Mrs John Johnson, Major-General Coloss, John Johnston, Major-General Roger du Souzay, Mr D. E. Tatton and Mr P. Lever.

**HM Government**

Lord Carrington was host at a luncheon held at 1 Carlton Gardens yesterday in honour of the Ambassador of Oman. Among the guests were Mr Al-Sabah, the Ambassador of Bahrain and Mr Hussain Nahyan Al-Maktoum, Minister of State, Mr Edward Mortimer, MP, Mr and Mrs Edward Mortimer, Mr and Mrs D. D. Rogers, Mr Roger du Souzay, Mr D. E. Tatton and Mr P. Lever.

**HM Government**

Mr Norman Tebbit, Parliamentary Under-Secretary of State, Defence of Trade, was host at a luncheon at Lancaster House yesterday in honour of Mr P. M. Oelberg, Minister of Commerce and Shipping, Norway.

### COUNTRY PROPERTIES

## Lane Fox and Partners

**BERKSHIRE**  
Hungerford 1.5m. Marlborough 11m. Newbury 10m. London 70m.  
MA Junction 14.5m.

**AN EXCEPTIONAL GEORGIAN COUNTRY HOUSE SUPERBLY SITUATED WITH FINE VIEWS OVER THE SURROUNDING DOWNLAND**

Hall, 5 Recs, Domestic Offices, 7 Beds, 2 Dres, Rms, 1 Bed, 3 Bath, 2 Serv. Rms, Kitchen, Laundry, Storeroom, Canteen, About 23 acres of Parkland. A Substantial Stable Block with Outline Planning Permissions for up to 20 Horses.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**BERKSHIRE**

Hungerford 3m. Midhurst 7m. London 53m.  
**A MOST ATTRACTIVE MAINLY PERIOD COUNTRY HOUSE IN SUPERB POSITION WITH OUTSTANDING VIEWS.**

Hall, 3 Recs, 5 Bed, 2 Serv. Rms, Kitchen, Laundry, Storeroom, Canteen, 2 Bed, 2 Bath, Staff Flat, Out-Buildings, Garage, Heating, Swimming Pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**SOMERSET/DORSET BORDER**

Wincanton 4.5m. Yeovil 12m. London 53m.

**A MOST ATTRACTIVE PERIOD COUNTRY HOUSE**

With Outstanding Views over the Blackmore Vale 4 Recs, 6 Bed, 2 Serv. Rms, Kitchen, Laundry, Storeroom, Canteen, 2 Bed, 2 Bath, Staff Flat, Garage, Swimming Pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**BERKSHIRE**

Hungerford 3m. Midhurst 7m. London 53m.

**DEIGHTFUL SMALL FAMILY HOUSE**

Standing in an ideal position overlooking open countryside, Hall, 3 Bed, 3 Bath, 2 Serv. Rms, Kitchen, Laundry, Storeroom, Canteen, 2 Bed, 2 Bath, Staff Flat, Garage, Swimming Pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**SOUTH OXFORDSHIRE**

Oxford 6 miles. London 45 miles. A well maintained and tastefully prepared family house, with fine views across the Chilterns, Large garden, 2 reception rooms, 3 bedrooms, Garage for 2 cars, Coach house, Large garden and garage, Swimming pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**SOUTH NORTHERN**

Banbury 10 miles. Oxfordshire 20 miles. A well proportioned and well maintained family house, with fine views across the Chilterns, Large garden, 2 reception rooms, 3 bedrooms, Garage for 2 cars, Coach house, Large garden and garage, Swimming pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**OXFORDSHIRE/NORTHAMPTONSHIRE BORDERS**

Rugby 8 miles. Northampton 12 miles. A well proportioned and well maintained family house, with fine views across the Chilterns, Large garden, 2 reception rooms, 3 bedrooms, Garage for 2 cars, Coach house, Large garden and garage, Swimming pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**SOMERSET/DORSET BORDER**

Wincanton 4m. Gillingham 11m. Yeovil 12m.

**A MOST ATTRACTIVE PERIOD COUNTRY HOUSE**

With Outstanding Views over the Blackmore Vale 4 Recs, 6 Bed, 2 Serv. Rms, Kitchen, Laundry, Storeroom, Canteen, 2 Bed, 2 Bath, Staff Flat, Garage, Swimming Pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**NORTH OXFORDSHIRE**

Banbury 11 miles. A magnificently situated and tastefully prepared family house, with fine views across the Chilterns, Large garden, 2 reception rooms, 3 bedrooms, Garage for 2 cars, Coach house, Large garden and garage, Swimming pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**OXFORDSHIRE**

Banbury 11 miles. A magnificently situated and tastefully prepared family house, with fine views across the Chilterns, Large garden, 2 reception rooms, 3 bedrooms, Garage for 2 cars, Coach house, Large garden and garage, Swimming pool, Excellent Stable Block and Outbuildings. About 20 acres.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**London Office : 36 North Audley St, London W.1. (Tel: 01-499 4785)**

**Banbury Office : Middleton Cheney, Banbury, Oxon (Tel: 0295 710592)**

**Malvern Office : 44 High Street, Malvern, Wilts (Tel: 06662 3007/8)**

### WEST SUSSEX

Black and white 5th century feature with 17th century additions. Warm, dry and comfortable. Kitchen, dining room, sitting room, 2 bedrooms, 2 reception rooms, 2 bed, 2 bath, 2 maid's, 2 C.H. offices, 2 stores.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**SUSSEX EAST**

16th Century Listed Period Farmhouse, Georgian, 2 Storey, 5 Bed, 3 Bath, 2 Reception Rooms, 2 Bed, 2 Bath, 2 Maid's, 2 C.H. Offices, 2 Stores.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**LONDON AND SUBURBAN**

Superb 18th century, Immaculate condition, 4 bed, 3 bath, Spacious lounge, Dining room, Kitchen, Utility room, 2 Bed, 2 Bath, 2 Reception rooms, 2 Bed, 2 Bath, 2 Maid's, 2 C.H. Offices, 2 Stores.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**GOLDERS GREEN**

Superb 18th century, Immaculate condition, 4 bed, 3 bath, Spacious lounge, Dining room, Kitchen, Utility room, 2 Bed, 2 Bath, 2 Reception rooms, 2 Bed, 2 Bath, 2 Maid's, 2 C.H. Offices, 2 Stores.

**FOR SALE BY PRIVATE TREATY AS A WHOLE OR IN 2 LOTS Joint Agents: Lane Fox & Partners, London Office and Carter Jonas (Tel: 0672 562258).**

**Charterhouse**

J. P. Stratford, of Cottesmore, Crawley, has been recommended for election in a Foundation Scholarship at Charterhouse.

## OBITUARY

### SIR ROBERT McEWEN

#### Barrister, writer and illustrator

Sir Robert Lindley McEwen of Marchmont died on May 18 at his home in Berwickshire. He was the third baronet and the second son of Sir John McEwen, the pre-war Secretary of State for Scotland. A.J.L.J. writes:

"The death of Robin McEwen at 53 will shock and sadden his wide circle of friends in all walks of life. He was endowed with a remarkable array of gifts fitting him for many roles: scholar, lawyer, artist, journalist and countryman. Classically educated, he was a scholar at Eton and

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THE TIMES FRIDAY MAY 23 1980

# THE TIMES

## BUSINESS NEWS

17 When will  
Sir Keith act  
on Inmos?  
Page 19

Stock markets  
Ind 426.5 down 5.1  
Gtis 67.54 down 0.04  
Falling  
290 down 30 pts  
ex 74.0 down 0.1

Lar  
ex 84.5 unchanged  
17.00 up 5 pts

d  
2.00 down \$12.00

ney  
in sterling 17.17  
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in Euro \$ 94.10

N BRIEF

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overnment was unable  
first Order before  
yesterday imple-  
cations against Iran.  
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it was trying to  
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after its decision to  
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ackdate the sanctions  
er 4 last year.

inish contracts for  
ervices will not be  
ntil the day the Order  
e delay means there is  
still a chance  
sanctions by fixing  
deals. The Govern-  
yesterday dismissed this.  
The Order is ex-  
ed next week, during  
etary recess.

te oil chief



ip Shulbourne who  
ppointed chairman  
British National Oil  
l. He will take up  
on July 1. Mr Shul-  
at present chairman  
Montagu, the  
ank.  
ion's future, page 18

ce resumes  
tracted legal case  
ard and National  
Company and four  
\$1m worth of bills  
e resumes today.

orrowing  
g on international  
kes fell sharply in  
\$5.33m (about  
equivalent after a  
d of \$7.32m which  
ed upwards from  
the OECD's monthly  
statistics supplement  
Paris.

prices up  
st German producer  
for industrial pro-  
cess rose 0.3 per cent  
h, giving an 8.2 per  
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the Federal statisti-  
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Yen order

these firms have won  
yen (about £25m)  
the National Power  
the Philippines  
geothermal power  
plants, Fuji Elec-  
tric. The other com-  
nematsu-Goto.

## Energy agency draws up measures to prevent rapid oil price increases

From Nicholas Hirst  
Paris, May 22

The 21-nation International Energy Agency (IEA) agreed yesterday to call an emergency meeting of ministers in the event of an imminent reduction in oil supplies.

This was one of a series of decisions taken by the ministers in Paris to try to prevent the kind of price explosion which members of the organization of Petroleum Exporting Countries were able to bring about over the past 18 months.

The meeting took place against a background of oil price rises by Opec members in the past few days and expectations of oil availability during the 1980s sharply reduced from a year ago.

However, it was far from clear that individual countries would make the political commitment and take the necessary measures to cut consumption if another crisis were to recur, such as that triggered by the revolution in Iran.

The final communiqué from the meeting was vague and lacking specific details of how to prevent another crisis and it was stamped all over with compromise.

Mr David Howell, the United Kingdom Secretary of State for Energy and Britain's representative at the meeting which included all the leading oil consuming countries except France, said, however, that he believed that the agency was beginning to have a cutting edge. It was an achievement for 21 nations to have come so far in agreement on committing themselves to reduce oil consumption.

The commitments included action to be taken in the event of a shortage which threatened to push up prices, undertakings to undershoot the import ceiling for IEA countries of 2.2 million barrels a day for 1985 fixed last December, and targets to reduce energy consumption by 1990.

None of these commitments, however, is very specific. Ministers agreed that if at any time tight market conditions appeared, "they would meet at short notice".

If notice were given to Opec

of exactly how much IEA members intended to reduce imports it might influence their production, he said.

A review by the IEA secretariat estimates that Opec production in 1985 and 1990 might be no more than in 1979, creating a potential shortage for the West of between 1.6 and 3 million barrels a day. Dr Otto Lambdorff, the president said, IEA members had been influenced at their meeting to raise Opec prices over the past few days.

After the \$2 rise by Nigeria which meant that nearly all Opec countries had put up their prices again, Mr Howell expected operators in the North Sea led by the British National Oil Corporation to raise their prices in the next few days.

IEA countries are expected to reduce the rate of energy consumption to 60 per cent of the increase in economic growth by 1990 and to cut oil's share in primary energy consumption from the present 52 per cent to 40 per cent.

Ministers also agreed for the first time a number of criticisms of member countries' energy policies and made recommendations to reduce oil consumption and move to other energy sources.

The intention was to deal with a crisis which fed short of the long-standing IEA system to share out oil equally if any member lost 7 per cent or more of its supply.

No trigger level was agreed for the meetings to be called but once a meeting had been called ministers would decide whether to impose harsher import ceilings on member countries or other forms of restraint.

There had been pressure from some nations for a commitment in advance to impose import cuts.

Monitoring of countries' oil use is to increase so that the IEA would have better warning system and a better idea of what action to take if a shortage developed.

The United States had pushed for a specific reduction in the import goals for 1985. Ministers instead agreed that net oil imports "should substantially undershoot the ceiling, possibly by around four million barrels a day. This was not a commitment to reduce imports by four million barrels a day but Mr Howell interpreted it as a commitment to import less without saying specifically how much the reduction would be."

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If notice were given to Opec

## Barclays to provide N Sea risk capital

By David Hewson

Barclays, the largest British clearing bank, intends to put up risk capital to back oil exploration in the North Sea.

The bank, which in March recorded profits of £529m, refused to disclose more than the barest details of its involvement last night.

But it is clear that Barclays' move represents the first serious shift by a British clearing bank towards using investors' money as equity investment behind speculative industrial projects.

Barclays is a member of several international consortiums involved in the latest round of licence applications for the North Sea, but refuses to name its partners and the possible level of investment.

Mr Peter Leslie, a general manager of Barclays Bank International, said: "We have decided, following approaches from a number of oil companies active in the North Sea, to undertake equity investment in oil exploration through participation in certain of the consortiums preparing to apply for licences under the seventh round."

"Our decision reflects our desire as a British company to do all we can to support the further development of a vital

### Plan for local bodies

Mr John Stanley, Minister for Housing and Construction, yesterday confirmed the government's intention to make local authorities direct labour organizations more efficient and to encourage private sector competition.

### PRICE CHANGES

74p to 264p  
Streets 30 to 34p  
P 15p to 725p  
A 50 to 890p  
Sp 50 to 135p

Treasury 12p to 763p  
Gp 1p to 25p  
Right 5p to 75p  
Sp 7p to 25p

THE POUND

Bank buys 1.11 2.64  
Bank sells 31.00 29.25  
70.25 66.75  
2.73 2.66  
13.57 8.56  
3.85 9.55  
4.32 4.10  
100.50 95.50  
11.75 11.50  
1.14 1.10  
2010.00 1915.00  
550.00 525.00  
Gld 4.73 4.50



Mr Niels Erboll, left, president of International Energy Agency's Council of direction, in Paris yesterday with Dr Otto Lambdorff, the West German Economics Minister.

The intention was to deal with a crisis which fed short of the long-standing IEA system to share out oil equally if any member lost 7 per cent or more of its supply.

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If notice were given to Opec

## 2p a gallon petrol rise expected

By Peter Hill

Industrial Editor

Petrol price increases of about 2p a gallon are likely after the reported Nigerian crude oil price of \$2 a barrel. This rise is expected to be followed by the British National Oil Corporation.

Shell UK announced that it was increasing its oil and petrol prices from midnight last night and that these rises took no account of recent Organization of Petroleum Exporting Countries (Opec) changes.

The price of two, three and four start petrol will rise by an estimated 2p a gallon at the pump. Derv commercial fuel and standard grade burning oil are also going up. Esso and BP price up 2p a gallon at the end of last week.

The Nigerian decision has been awaited anxiously by officials of the state oil corporation, the largest North Sea

oil companies follow those of the chief African producer.

Big oil companies operating in the North Sea will take the lead from the oil corporation.

Nigeria's rise is the latest in a round of increases announced by members of Opec.

Eleven Opec countries have now announced price increases in the past week after Saudi Arabia lifted its crude oil price by 2p a barrel and backed it to the beginning of last month.

Nigeria's principal export grade will now be set at \$36.1 a barrel according to Petroleum Intelligence Weekly.

The British National Oil Corporation has tended to follow the Nigerian price movements to fulfil its contract obligations to North Sea oil producers

part of the United Kingdom economy."

Barclays has provided more than £500m for North Sea oil projects in the past, but has never hinted that it was considering taking equity investments in such schemes.

The provision of risk capital, and the element of chance such decisions entail, has traditionally been the preserve of merchant banks whose investors have been prepared to accept the risk element involved in return for potentially higher rewards.

Barclays' decision is certain to provoke a reassessment among National Westminster, Lloyds, and Midland—the three other large clearing banks—of their attitudes towards equity investment.

The element of risk involved for Barclays, should its consortium win licence applications, is considerable. A number of North Sea exploration projects fail to find oil in exploitable quantities. On the other hand, those which do can strike oil are likely to find the venture extremely lucrative.

When banks are already being criticized for making excessive profits, such a strike could prove as embarrassing for Barclays as a highly publicized loss on oil exploration.

Tube Investments has dropped its attempt to take over Chicago-based Crane Packaging. Emerson Electric, a United States company, has won Crane with a bid worth \$196m (£54m).

The Chase Manhattan Bank and Bankers Trust of New York both cut their prime lending rates to 15% per cent from 16% per cent today.

The rate has fallen sharply since it reached a record 20 per cent in early April and there are clear indications of further rate reductions soon.

Morgan Guaranty Trust Company, which only yesterday cut the rate it charges stock brokers from 15% per cent to 14% per cent, today cut the rate again to take it to 13% per cent.

With Treasury bills trading a fraction above 8 per cent, the disparity between most short-term money rates and the prime rates of the broker loan rates is

now exceptionally great.

The Federal Reserve Board does not appear to be making significant efforts to slow the pace of decline of interest rates. FED officials say money supply is now growing more

## Charterhouse Group to make agreed bid for Keyser Ullmann: share dealing is suspended

By Roman Eisenstein  
Banking Correspondent

Charterhouse Group, the financial and industrial holding company, is to make an agreed bid for Keyser Ullmann, the merchant bank. A joint announcement yesterday said that the shares of both companies had been suspended pending the revelation of further details this afternoon after the stock market closes.

"A takeover of Keyser had been widely expected for several years," Mr Derek Wilde, chairman of Keyser, said yesterday that "this is a positive and useful sort of move that should be good for both parties".

Although no terms have been revealed, the expectation in the City is that the takeover will take the form of a share exchange after which the Keyser interests will represent around one third of the joint company and the Charterhouse interests the remaining two thirds.

Keyser Ullmann, once a fast growing bank specializing in property loans, experienced troubles during the fringe

banking crisis, and in 1975 it had to be rescued through the Bank of England "lifeboat" and the clearing banks.

Mr Edward Du Cann, its then chairman, Mr Jack Dellal, its deputy chairman, and three managing directors resigned.

Mr Derek Wilde, a vice chairman of Barclays was brought in to sort out the problems and help in the rescue operation.

At the height of its troubles Keyser owed £65m to the lifeboat. But by 1977 it was out of difficulties.

After that, however, it never managed to restore its fortunes as a bank. Although it had some £45m of shareholders' funds and around £50m of tax losses which could be used against profits, it was continually underfunded.

For a merchant bank it found it difficult to get big corporate clients. The most important client is Lombro, and there are some other much smaller clients.

There are two strong overseas operations in Paris and Zurich, but neither is large enough

to compensate for the lack of United Kingdom business.

Charterhouse, which operates both as an industrial holding company and a manufacturing accounts for 31 per cent of employed funds—and as a financial group which owns Charterhouse Japeth, one of the smaller accepting houses, has for a long time been seeking to tilt the balance of its business to financial services.

Banking accounts for only 13 per cent of employed funds of £105m and the deal with Keyser should create one of the bigger of City merchant banks with funds of some £60m.

More recently Charterhouse has begun to links through directors. Mr Nigel Mabb, chairman of Charterhouse, is on the board of Keyser.

The two companies had already been seeking to merge. Mr Nigel Mabb, chairman of Charterhouse and Mr Derek Wilde, a vice chairman of Barclays, are both on the board of Barclays. Mr William Mackenzie, the deputy chairman of Slough Estates, one of the most important of Charterhouse clients, sits on the

board of Keyser, while Mr Nigel Mabb, is the chairman of Slough Estates.

The only really large shareholder of Charterhouse is the Prudential with 7.5 per cent of the shares. The Prudential also owns 17 per cent of the Keyser shares.

Our Financial Editor writes:

Hill Samuel, one of the City's largest merchant banks, confirmed yesterday that a brief discussion had taken place with Merrill Lynch the world's largest brokerage house about the possibility of merging.

The American broker apparently took the initiative, but Hill Samuel was not interested and the idea, which never reached the stage of being a negotiation, has been dropped.

It was not clear when the talks took place, but apparently it was recently and looked on Wall Street earlier this week.

Both houses emphasized yesterday that the discussions were quite informal and of the sort



## China and Indonesia to exchange oil and fuels

China is expected to begin buying crude oil from Indonesia and Indonesia will probably import diesel fuel, petrol and much needed kerosene from China.

The initiative is understood to have come from Peking although negotiations are still in the preliminary stage. Despite Indonesia's continuing reluctance to restore diplomatic relations with Peking, it wants new markets for its crude oil.

Pertamina, Indonesia's national oil corporation, has suffered from declining exports to Japan and the United States recently and is seeking new outlets in Taiwan, the Philippines and Bangladesh.

### Iran break from dollar

Iran formally broke the link between the rial and the dollar today and set the rial at 92.3 against the IMF's Special Drawing Right, replacing the rial against the dollar at 70.50/70.60.

### Japan's oil imports fall

Japan imported 22,025 million kilotonnes of crude oil in April, down 12.5 per cent from the preceding month and 5.9 per cent from a year before. Saudi Arabia was the largest supplier.

### Vehicle output up

West German vehicle production rose to 371,100 in April, from 367,999 in March and 367,096 in April, 1979. But in the first four months of 1980 car production fell 6 per cent.

### Steel production drops

Crude steel output in countries reporting to the International Iron and Steel Institute fell 1.5 per cent year-on-year to 40.52 million tonnes in April from 41.14 million in the same month a year ago.

### Volvo lays off 6,000

Volvo Motor Company will lay off indefinitely 6,000 at its Gothenburg plant, next Tuesday because of a dock strike which has brought shipping to a standstill.

Call for increased efficiency combined with wider use of coal

## BP chief urges global energy plan

Governments must confer to set up an effective energy policy which could accommodate a world economic growth of 3 per cent in the next 20 years, according to Mr Christopher Laidlaw, Britain Petroleum's deputy chairman.

That growth would depend on the correct balance being achieved between demand, supply and price of energy resources and on using coal to a far greater degree.

If there were no improvements in energy efficiency, requirements for the non-communist world by the year 2000 would approach 10,000 million tons of oil equivalent, said Mr Laidlaw, addressing the second European oil and gas conference in Amsterdam yesterday.

Oil would not be able to provide more than 25 per cent of that demand. He doubted whether 8,000 million tons was a realistic target and even that would require a demonstrable increase in the efficient use of energy.

Governments, in forming a successful energy policy, must address themselves to "doubling real output to leave" approaching that of oil, embark on a nuclear investment programme and tailor their conservation to reach a target of 20 per cent before the end of the century, he said.

It is worrying that so much of what is needed depends on governments, and that in Europe governments are divided



Mr Christopher Laidlaw: concerned that European governments are divided in their energy aims.

in their individual energy aims". Mr Laidlaw added:

"It is for them to create a fiscal climate that encourages energy development and to look more at how energy profits are used and less at how they take them away."

The year 2000 would be critical. Present estimates indicated that conventional crude output in the non-communist world, currently just over 50 million barrels a day, could reach 55 million barrels per day by 1990. Thereafter, production would begin to decline and would be back to its present level by the year 2000.

According to Mr Laidlaw, by that time coal would become a resource whose

potential expansion was far in excess of oil.

"Coal must have a great future. If by the year 2000, governments and industry can between them create the facilities to quadruple the international trade in coal . . . and in addition we make some allowances for new applications, at least 25 per cent of our total energy needs could then come from coal."

The BP chairman was in no doubt that any energy policy for the future had to incorporate investment in new technologies for the development of resources. He illustrated the point by focusing on the savings to be made in the car.

"The small diesel engine", so far the power unit for only a small fraction of Europe's car population, should have little difficulty in showing a 30 per cent reduction in the fuel required for the personal mobility we all cherish", he said.

Nuclear energy would play an important role in any strategy. "We must learn to accept that if we refuse all such risks rather than working to reduce them, we cannot avoid a reduction in our living standards and job prospects."

A successful global energy strategy could allow natural gas production to rise to 1,500 million tons of oil equivalent a year and nuclear to 1,200 million tons of oil equivalent.

Bill Johnstone

## Leading banker to be chairman of BNOC

By David Hewson

The chairman of the City merchant bank, Mr Philip Shelbourne, Samuel Montagu, will become chairman of the British National Oil Corporation on July 1. He has accepted a five-year contract at an initial salary of £53,500.

Mr Shelbourne takes over from Mr Ronald Unger who is returning to a career in the yesterday he intended to settle into the job before making any pronouncements about the future of BNOC. His starting salary has been agreed under the terms of the Boyd report.

The state-owned company's future is the source of considerable speculation within the City. The Government plans to BNOC during the next session of Parliament, possibly by retaining public ownership of the company as a whole but forming a small private operating company.

"As the new chairman, I would like some time to think about the future of the corporation," Mr Shelbourne said. "I think it would be premature."

Mr Shelbourne envisaged that a decision on the future of BNOC would be announced this year, but not in the next few months.

BNOC was set up in 1976 by the then Labour Govern-

ment and last year reported a profit of £75m. However, its automatic state role in private industry made it a prime target for attention by the Conservative Government. The company has the right to buy, a market price, 51 per cent of all crude oil output from the North Sea.

Mr Shelbourne is 55 and changed as a taxation lawyer, a background which will stand him in good stead in dealing with the large oil companies over the exploitation of the North Sea fields.

He has been chairman of Samuel Montagu since 1974, and will remain a non-executive director of the bank after his move to BNOC. He was a leading figure at the bank before his appointment as chairman after it was taken over by the Midland Bank.

As one of the leading City merchant bankers, Mr Shelbourne may be expected to play a guiding role in the BNOC's operations during the next year.

One significant point made about his appointment in the corporation is that it may prove that the Government retains an open mind about the way BNOC may be opened up to private capital. Mr Shelbourne would not be expected to take the job if the key decisions about BNOC's future had been made in advance.

Total CWS trading profit was £18m in 1979, the same level

## £46m manufacturing investment by Co-op

By Derek Harris  
Commercial Editor

Co-operative Wholesale Society, the company which provides goods and services for Britain's many Co-operative retail outlets, has revealed its capital expenditure details for the first time.

The society, whose sales total £1,700m a year disclosed a huge commitment to renew its manufacturing facilities.

Sir Arthur Sugden, who retires later this year as chief executive of CWS, said that while the society existed to service nearly 200 Co-op retail societies it now plans to compete more in the open market place.

CWS, which makes or packages a wide range of goods from food and footwear to furniture and fashionwear, already supplies some goods to retailers outside the movement.

This trend in the society's growth, with the prospect of expansion in manufacturing, comes after a year in which its £1,191m food sales—which represent two-thirds of turnover—showed only a 5.7 per cent rise in value and a reduced profit of £12.3m, down from the previous year.

However, its newly-merged travel and hotels group went from loss to profit and there were generally better results in non-foods.

CWS's other capital expenditure in the past three years included nearly £10m on its retailing activities mainly in Scotland. A further £4.5m will be spent on retailing development this year, including a new supermarket at Mill Hill.

Another £11.2m has been spent, largely in the last two years, on a new system of regional warehousing which service the Co-ops. Another £6.3m is expected to be spent on warehousing this year.

as in 1978, despite an 8 per cent rise in turnover. Sir Arthur described the overall results as "far from unsatisfactory—and indeed better than expected".

About £46m, well over half the society's total capital spending of £81m in the last three years, has been spent on manufacturing investment, and of last year's capital outlay of £34m, manufacturing absorbed nearly two-thirds of the total.

Menswear manufacturing showed heavy losses, except at one shirt factory, and three units were closed in the latter part of the year.

However, its newly-merged travel and hotels group went from loss to profit and there were generally better results in non-foods.

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Water Act, 1973, under which domestic charges, in effect, have to be increased to relieve industrial and commercial consumers.

This may be an admirable aim, but the attempts to achieve it have so far resulted in increases averaging over 23 per cent for this year in the Thames Water area, although ratepayers, such as pensioners on lower than average rateable values, have had still bigger increases to meet.

There is clear and loud public outcry about the behaviour of water authorities, and ratepayers should continue the pressure to bring them to book. Yours faithfully,

P. A. H. BAILY,  
Secretary, Reading Ratepayers' Association,  
15 Peppard Road,  
Caversham,  
Reading RG4 8JP.  
May 19.

## Increased coal output and productivity

From the chairman of the National Coal Board

Sir, While the overall quarterly figures for industrial deep-mining overall productivity was 4.8 per cent higher than for the corresponding quarter of 1979. Results for the period since the beginning of April have also been encouraging; output has been nearly 6 per cent higher, production productivity about 6 per cent higher and overall productivity 2.3 per cent higher than for the

first six weeks of financial year.

The mining industry committed to a 1 per cent expansion to meet an share of energy requirement in view of likely difficulties in t of oil. Yours faithfully,

DEREK EZRA,  
National Coal Board,  
Hobart House,  
Grosvenor Place,  
London SW1X 7AE.  
May 20.

LA CREME DE LA CREME

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BY THE FINANCIAL EDITOR

## This is the recession . . .

In United States, evidence of a more general recession than originally expected to mount at home as well. The steel strike are still distorting the economic indicators such as figures for capital expenditure and manufacturers' stocks in quarter.

of the 3 per cent fall in capital may well have been the result of dispute but all the same the figures corroborate the earlier industrial statistics that manufacturing investment heading downwards. And those who had been looking for a drop to herald the real recession were yesterday with a £570m fall, £370m was in manufacturing.

was also a spate of warnings from the corporate sector that profits will fall in the current year. In GKN, Delta and Simon all comment that the level of United Kingdom was slackening; Cadbury Schweppes was to be finding the going tougher one market despite the buoyancy of spending in the opening quarter.

equity market, however, is still to take the adverse news in its with the "more difficult" trading ICI talked about the main factor the 5.1 points fall in the FT-index

the moment the sort of liquidity that brought British industry to its seems to be repeated with cutting back on employment and vigorously. And there is always the falling interest rates, albeit likely further back perhaps to late because of the Government's stand policy.

### and off

course, has been signalling recession this. But first firm indications of its were none the less painful for all shares fell 10p to 364p.

first-quarter profits of £152m—above those of the corresponding three months—were well up to £150m next year. This was due to selling price were responsible for a £48m sales the preceding quarter to £1,523m. Volume slipped by a percentage

blunt truth is that since March has shown signs of falling sharply of margins are narrowing as prices plastics, petro-chemicals and the long-suffering fibres division. is not yet ascertained how much of sure is due to heavy destocking but p is not disguising the fact that it is heading into a prolonged period of tiring demand.

is left leaning heavily on its 18 per cent stake as it runs into the recessionary the severe handicap of strength. Ninian helped lift oil to 26m in the first quarter and downgrading of production forced push them to £110m this year laps £150m next year.

could slide to perhaps £520m this year before recovering a shade or just possibly leaping ahead. At least this is not such a bleak as that held out by some of ICI's international rivals, who lack the oil

withstanding the prospect of four the next two quarters the shares, a likely fully-taxed p/e ratio of 8½, speculative yield of just under 10 per cent in real terms, last year, but with 62 per cent of United Kingdom retail turnover relating to non-medical items, Boots is unlikely to be totally immune to the recession.

However, notwithstanding the problems caused by the strength of sterling (which knocked £3.9m off profits above the line last year), the pharmaceutical side seems set for a more buoyant period, particularly as Procter & Gamble is selling well in the important Japanese market. The shares may not perform in the short term, but they are a solid hold. The 5.3 per cent yield is almost twice covered even by CCA profits on a fully-taxed basis.

house is gaining in terms of assets, but is in effect giving up some of the potential of its strong cash flow from a 2.3 per cent stake in the Thistle field, in the North Sea and other interesting North Sea possibilities where it employs 17 per cent of its assets.

Last year its revenue from the Thistle field was £3.4m. Some estimates for this year place the potential at £11m to run for many years to come. So, although the value of each Keyser share is around 90p before even adding the potential from tax losses as compared to some 72p for each Charterhouse share, the advantage is by no means one way only.

The £45m from Keyser added to the £15m of assets—before adding inner reserves—at Charterhouse Japhet, the banking subsidiary, will immediately create a banking group capable of sustaining a balance sheet total of £800m. Then there is the addition of the Keyser tax losses which in a few years could almost double that.

Hill Samuel

### Just an idea . . .

Both Hill Samuel and Merrill Lynch spent yesterday pouring cold water on the idea that they may merge. But they did talk—or at least Merrill Lynch's new top recruit Mr David Montagu put up the idea to Hill Samuel who apparently "did not respond positively", and it was dropped.

It is interesting nevertheless that Merrill Lynch should consider the idea worth discussing at all. Merchant banks have reached an important crossroads. They are neither large enough to compete effectively for banking business with the big general international banks, nor is it obvious how they can diversify their service function although the idea of going into securities dealing (possibly if The Stock Exchange loses its forthcoming Restrictive Practices Court battle with the Office of Fair Trading) is one that many find attractive. Mr Montagu, of course, knows the merchant banking business well—he is a previous chairman of Samuel Montagu—and he knows that Hill Samuel has long held ambitions to break away from a traditional merchant banking role. Indeed it has demonstrated as much by its attempts in the past first to merge with MEPC and later with Slater, Walker.

It was reasonable then for Merrill Lynch to have thought that the Grand Design of a merger between itself, the world's largest broking house, and a large investment bank was both sensible and likely to appeal to Hill Samuel. It is precisely this sort of amalgamation—or perhaps one between a big British and an American broking house which many people expect might follow immediately if the Stock Exchange cartel is broken. Wise houses are making their plans now. Merrill Lynch plus Hill Samuel may come to be seen as a good idea.

Boots

### One to hold

Boots forecast an increase in profits for the year at the interim stage, and has duly produced it, with a 7.3 per cent increase to £121.3m pre-tax on the back of a 14.2 per cent increase in turnover to £1,202m. The improvement—after a small setback in the first half—reflects a strong performance in the second six months in comparison with a period when profits growth was affected by the road haulage dispute and severe weather in the United Kingdom. However, the market wasn't disposed to look gift horses in the mouth yesterday, and the shares rose 3p to 90p.

There are no signs yet of a fall-off in United Kingdom retail sales (up by 14 per cent in money terms, and by about five per cent in real terms, last year), but with 62 per cent of United Kingdom retail turnover relating to non-medical items, Boots is unlikely to be totally immune to the recession.

The fact is that entry into the European Community, the introduction of negotiated commission in the United States and intense competition have all contributed to the feeling that financial services companies which manage to adapt to new conditions will in the end do better than ever, but that there will be many that will simply fold on the way.

Surprise, surprise—an American restaurant in London that has neither fast food or even faster music on the menu. There is no hamburger or pizza either, but plenty of devilled crab and cornd beef hash.

Surprise, for that is its name, opened off Regent Street this week and is the baby of a clutch of American businessmen outside catering who like Joe Wilkerson live here and have always wanted to run a restaurant.

Wilkerson, who I met there yesterday, is chairman of Fair Trading, has recently deployed his talents as an after-dinner speaker to good effect.

Surprise is that he is yet to struck down an American wine that fits in with the restaurant's middle price, plate service ambience, but he is complementing the house wine with a second item that changes with whatever bargains are around.

Bob Cooper, the American operations manager, told me that to get American-style friendly service he is hiring only young non-waiters and then training them. The place is meant to be more of a foreign restaurant of interest to the locals, rather than an expatriate boathole. It's stylish but not enough.

If anything, therefore, it can be argued that fewer babies were conceived during the black-out than before—so statistically significant.

He has some eruditie ideas on why more people didn't make fruitful love. I think they just switched over to BBC.

If you go forward 267 days,

the average period of gestation from July 23, the first day of the "blackout" then, Lister says, you come to April 23.

The register of births for that date is now available and, give or take a few days for delayed registrations, shows an increase over the same week of last year of 3.1 per cent. Yet for the first 17 weeks of this year, the increase was even higher, 3.6 per cent.

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## Technology

# Inmos: when will Sir Keith make up his mind?



Richard Petritz, head of Inmos (US) and joint founder of the company.

economy, and even her social vitality could be seriously impaired.

It continued: "A great deal of the current debate has the tone of resistance—as if resistance was constructive. It is time for the analytic foundation of the United Kingdom's debate to shift from the issue of whether or not to proceed to a focus on how best to move ahead".

Specifically, the SRI report highlighted the scale of the involvement: "Success dictates commitment to long-range plans requiring relatively high near-term capital investments and recognition of risks".

Successful pursuit of world markets, emphasized, would mean the United Kingdom's economic exploitation of micro-electronics technology. This squares very much with the main thrust of the Government's industrial policy aimed at stimulating innovative enterprise and commercial flair.

Sir Keith's dilemma is a painful one; the Inmos venture is clearly a case of the right place at the right time. All of which should commend it to the Government—but it needs large amounts of public money which is anathema to the Government and particularly to the Secretary of State for Industry.

Nearly a year ago, in a report to Sir Keith's department, SRI said that if the United Kingdom did not vigorously embrace this new micro-electronics technology her position in the world instalment in a costly fashion. As you will know, for standard chips the development costs are high and for companies that fail to achieve high volume, the losses, which in this case would fall on the taxpayer, are large".

His first stop is Silicon Valley will be SRI International (formerly Stanford Research Institute), where he will be briefed on micro-electronics and bio-technology.

A recent development which has contributed to the delay in making a decision on Inmos has been GEC's Sir Arnold Weinstock's interest in acquiring part or all of Inmos. Shortly after Inmos was

launched by the NEB in the spring of 1978, GEC revealed that in an about-turn of its business philosophy it was joining with the American Fairchild Corporation in a joint semi-conductor venture in the United Kingdom. Since then Fairchild has been acquired by France's Schlumberger group and the project appears to be in doubt, despite the fact that work on the production facility is well advanced in Cheshire.

GEC sought detailed information on the Inmos project and on the basis of the answers supplied by the NEB has apparently decided that it is no longer interested. But the precise status of GEC's possible involvement remains far from clear. For earlier this week Mr Ian Halliday, chief executive of the NEB, insisted that discussions were still continuing.

AGEC solution to the Inmos problem would, of course, neatly unhook Sir Keith from the horns of his dilemma. Mr Halliday's declaration was made during a presentation to MPs by Dr Richard Petritz, head of the Inmos United States operation and one of the company's three founders.

Urging a prompt decision on the further tranches of NEB cash, Dr Petritz listed the benefits of Inmos to the United Kingdom. It would, he said, provide a domestic semiconductor resource, achieve important technology transfer and establish a high value industry for a minimal investment of £50m. It would also

Kenneth Owen and Peter Hill

## Another sign of change in the city

Roman Eisenstein discusses the background to the Charterhouse Keyser bid

Gibbs or Samuel Montagu have either acquired new partners or been taken over by larger and well capitalized groups. Almost all have been expanding overseas.

In fact, with the probable fall in interest rates, North Sea oil and the abolition of exchange controls the outlook is quite bright.

This is the background in which the takeover of Keyser Ullmann by the Charterhouse Group is taking place. Keyser Ullmann was one of the prime victims of the fringe banking crisis during which it found itself in the Bank of England "Lifeboat", along with some highly exotic financial groups, including fringe banks, property groups and other less well defined entities.

Keyser's predicament followed a takeover binge which took it from a small, well-respected and old-established merchant bank to a large, unwieldy bank cum property company. It was short on corporate clients and long on cash, bricks and mortar.

Keyser's banking past pedigree is anything but fringe. Its foundation dates back to the last century. In the late sixties until the crisis it was effectively run by two brothers-in-law, Mr Roland Franklin, son of the previous chairman, and Mr Ian Stoutszker, who had gone to the London School of Economics into banking after a promising career as a violinist. Mr Franklin is the man who gave Sir James Goldsmith the share held by British banks.

Although Keyser has now restored its finances its City reputation had been permanently tarnished. Its takeover by someone was in the end inevitable.

Charterhouse, both a financial and an industrial holding group, which owns Charterhouse Japhet, an Accepting House, employs £105m of capital, of which £70m belongs to shareholders. Together with Keyser the joint group will be employing some £150m of capital, of which £60m will be used in the bank—four times the present size of Charterhouse Japhet. It will be one of the larger entities in the merchant banking field.

## I.J. Dewhirst Holdings Limited

Clothing Manufacturers

Highlights from the statement by the Chairman, ALISTAIR J. DEWHIRST

Profits \* Group pre-tax profit of £1,667,772—up 28%.

Sales \* Sales of £18,263,497—up 20%.

Dividend \* Total Ordinary dividend for the year of 1.8p per share—representing a 53% increase.

Script Issue \* Proposed 1 for 3 script issue.

Cash Deposits \* Increased to £1.5m at year end.

Production and Expansion \* Further progress in development of leisurewear range.

\* Three year major investment programme in new machinery costing over £3m completed during year.

### Prospects

\* Growth prospects in most products—particularly leisurewear facilitated by additional factory at Peterlee.

\* Lack of Government and EEC action over dumping and quotas a serious problem for the industry. Inflation and sterling's inflated exchange rate also create difficulties.

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I.J. Dewhirst Holdings Limited, Duwe House, Westgate, Driffield, North Humberside, YO25 7TH.

Ross Davies

## Business Diary: Call of the Wilde • A television turn-off



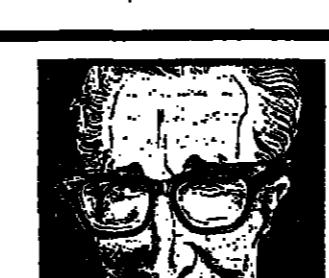
"And if Lonrho does get control of Harrods from the Frasers we'll have the perfect excuse for moving down market and shopping for what we can afford in Oxford Street."

William Lister has some news and views for those who bought shares in Mothercare during last summer's blackout on commercial television, as well as for those advertisers who think that people prefer watching TV to almost anything. His message is: there is no baby boom on the way.

Lester is a research biologist at the Institute of Obstetrics and Gynaecology in Hammersmith Hospital, London. He told me yesterday that he takes issue with the many women journalists, who rushed into print last year with predictions that the TV blackout would be followed nine months later by a big increase in births.

He has some eruditie ideas on why more people didn't make fruitful love. I think they just switched over to BBC.

If you go forward 267 days,



Gordon Borrie, Director-General of Fair Trading, has recently deployed his talents as an after-dinner speaker to good effect.

Borrie, whose quips can be almost as sharp as his quiff and his style in dress, has been eating and talking his way through a full programme of engagements with carefully selected audiences of industrialists and company chairmen.

Some of the results have been interesting.

The complaints to the OFT from Argos and Tesco against a number of manufacturers who refused to supply them came about as a result of one of Borrie's post-prandial pep talks to retailers.

More recently, as a result of a similar meeting among clothiers in Leeds, the Office of Fair Trading is investigating the possibility of collusion between major manufacturers in fixing the price of thread.

# INVESTORS CHRONICLE

## The bad news...

Your regular copy of the Investors Chronicle has been missing in recent weeks. The reason is that we've been unable to publish because of the printing industry dispute (even though we were not a party to it).

## The good news...

The Investors Chronicle will be back soon. And, if you're wondering what happened to all that detailed company analysis we've been unable to publish, here's the answer. When the Investors Chronicle returns, the first few issues will contain more information than ever, including every single company analysis you were unable to read when we were away. While our printers are out, we are working harder than ever updating analyses, writing features and piecing together all those sections which make the Investors Chronicle the single most important weekly journal of business, finance, investment and banking.

**INVESTORS CHRONICLE**

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the Public to subscribe for or purchase any shares.



**The Lionel Corporation**

(Incorporated under the laws of the State of New York, United States of America.)

### Shares of Common Stock (par value of \$0.10 each)

Authorised 10,000,000

Issued and Reserved for Issue at 15th April 1980 6,550,936  
(including 548,621 Shares reserved for issue)

The Company is engaged through its principal subsidiaries in the speciality retailing of toys and leisure products and the manufacture and sale of electronic components.

The Council of The Stock Exchange has admitted to the Official List the above Issued and Reserved Shares of Common Stock of \$0.10 par value. Particulars relating to the Company are available in the Exetel Statistical Services and copies of the statistical cards may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 6th June 1980 from:

**N. M. ROTHSCHILD & SONS LIMITED**  
New Court, St. Swithin's Lane, London EC4P 4DU.

**ROWE & PITMAN**  
City-Gate House, 39-45 Finsbury Square,  
London EC2A 1JA.

## FINANCIAL NEWS

### Stock markets

## Prices jolted by talk of recession

The market was in a sombre mood yesterday, upset by statements from several leading companies indicating that the recession had arrived.

This prompted falls in most sectors, although the worst damage was seen in engineering following a bearish statement from the chairman of GKN. He told shareholders at the annual meeting that trading conditions had deteriorated considerably and interim profits were unlikely to match those for the corresponding period.

This sent a cold shiver running through most jobbers, who promptly marked the shares 14p lower at 344p. This in turn saw shares of Tubes tumble 10p, to 252p, in a market already nervous ahead of the first-quarter figures from ICI later in the day.

In the event, profits from ICI were roughly in line with most expectations. But it was the warning on margins which added to the worries of most City men and the shares retreated 10p to 364p, after holding their own ahead of the announcement.

With all three companies con-

stituent members, the F.T. Index was bound to suffer and it did, falling 5.1 to 264.5.

Nevertheless, most jobbers remained fairly optimistic and were encouraged by the low level of selling, after taking into account the bad news ahead of the long weekend.

Dealers in gilts seemed anxious only to consolidate the gains achieved earlier in the week. This they did, trading in

on overnight levels, while in shorts, falls were limited to around 4p.

Leading industrials held their breath ahead of the ICI figures, with most relinquishing some ground afterwards. Glaxo remained unchanged at 186p, but Unilever at 421p, Beechams at 112p, and Fisons at 264p, all gave up between 2p and 3p.

Courtardes, with figures due next week, slid 2p to 70p as profit taking by speculators cost Dunlop 3p to 70p.

But it was in engineering where most of the sad faces were to be seen. Lucas shed 9p to 206p, and Smiths Ind 5p to 208p, as a direct result of the statement from GKN. Jobbers continued to mark prices lower in an attempt to avert panic selling with falls of 4p to 162p in Hawker Siddeley, and a similar amount in Metal Box at 268p. A profit warning clipped 31p from Delta Metal at 531p.

But the major clearers experienced another dull day with Barclays up 2p to 420p, along with Nat West at 319p, while Midland at 331p, and Lloyd's 293p, closed unchanged.

A gloomy annual statement from its toll of Bridgestone, 2p to 57p, and the above

profits forecast, wiped 8p.

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## ANCIAL NEWS

recession  
vision of  
l costs  
William  
SS

Neil Prest

in Press, the engineer-  
ractors accused by the  
Revenue of evading  
avements, has made an  
inay pofision of £2m  
losing its case. As a  
£79 after-tax profits fell  
from £6.72m, Pretax  
were £5.63m against

company says that most  
tax profit decline was  
much tougher trading

Margins were  
as turnover rose from  
£22.7m. But William  
optimistic that inter-  
demand from energy  
industries, not least in  
will revive demand.

consequence, the com-  
not running down its  
and simultaneously  
try to cut costs and  
business. A company  
was unable to  
however, what that new  
might be.

ax profits were helped  
ch reduced tax charge  
against £5.57m. The  
mainly came from  
of accelerated capital  
not provided as  
tax, and from £1.09m  
anent stock appraisals  
from deferred tax.  
tax charge has been  
£788,000 in deferred  
allowance, not counted  
ed tax.

company says that  
the second half were  
affected by the strong  
ational industrial dis-  
and exchange move-  
but no provision was  
against the ill-fated  
contract which last year  
£888,000 to be set

35 per share were  
applied to 3.78p instead.  
But a final dividend  
gross brought the full  
ment to 1.71p, com-  
1.48p in 1978.

Sales for half-year to  
up from £19.46m to  
£19.56m. Interim divi-  
dend of 1.57p to 1.72p  
rd except second-half.  
It will not materially dif-  
ficult in firms.

**PUBLIC SECTOR  
BORROWING  
REQUIREMENT**

no figures released by  
the Government borrowing

on seasonally adjusted  
Central Govt Public  
borrowing require-  
ment requirement

4,431	4,660	5,587
8,004	8,038	8,282
2,265	2,222	2,000
3,219	2,368	2,129
4,256	2,375	2,625
2,322	2,307	1,671
3,322	3,354	3,263
2,689	3,395	3,585
2,837	3,188	3,141
1,937	378	-192

overnment borrowing require-  
ments, the Central Government  
and the National Insurance  
contribution to the PSBR.

**ITAL SPENDING**

are the figures published  
by the Department of  
the fixed capital expendi-  
ture. In current prices,  
all seasonally adjusted at

£m	£m
Total Investment	Total Stocks
8582	3263
8384	3858
2103	194
2160	670
2128	986
2170	971
2155	974
2287	948
2311	978
2323	958
2328	903

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and the National Insurance  
contribution to the PSBR.

**Bank Base Rates**

are the figures published  
by the Bank of England

on seasonally adjusted  
figures.

Bank ..... 17%

ays Bank ..... 17%

Bank ..... 17%

lulated Credits ..... 17%

are & Co ..... 17%

s Bank ..... 17%

n. Mercantile ..... 17%

ne Bank ..... 17%

estminster ..... 17%

ster ..... 17%

ms & Glyn's ..... 17%

ny deposit, on sums of  
000 and under 15%, up  
000 15%; over  
000 15%.

Beauford

## Debenhams maintains final as trading profits plunge

By Peter Wainwright

Debenhams has maintained its final dividend at 6.18p gross, an increase for the year of 3 per cent to 9.1p. The company owns about 70 department stores besides H and M Rayne and Lotus in shoes and a number of shops periodically subject to bid rumours.

Yesterday's preliminary statement suggested that the worst may be almost over, apart from a further tough time in the first six months of the current year. In the 53 weeks to February 2, sales rose by less than 12 per cent, and less than inflation, to £585.5m, but trading profits after cost of finance plunged from £20.7m to £11.5m.

However, Debenhams is at pains to show that the profits fall should not be seen this way. In fact, the group provides three ways to look at it. First, the businesses it is keeping saw

profits down from £23.1m to £19.2m.

Second, Debenhams Finance, the credit business which operates through Welbeck, is recorded as slipping from losses of £119,000 to losses of £1.9m, understandable given a 17 per cent minimum lending rate. Third, the concerns Debenhams has disposed of are seen to have lost a hefty £6.54m against £2.77m the year before.

The disposal of these concerns marks the end of an era. Under Mr Robert Thornton as chief executive, who takes over from Sir Anthony Burney as chairman in July, Debenhams tried to move from department stores into what seemed more promising areas. But the last year's fall got rid of them, Green's, Cutlers, Cresco, New Dimension, and Hardy Amies.

In exchange for losses Deben-

hams realized nearly £1.3m

which went to cut borrowings.

The result was that at the end of the financial year the group had net borrowings of about £65m after spending £29m on fixed assets, putting debt at 28 per cent of shareholders' funds.

The group reports that after last June's VAT increase sales grew difficult. As a department store in women's clothing (33 per cent of turnover last year) Debenhams was hit hard as prices were slashed. But stocks are now said to be "healthy".

The group could well make profits of only £4.5m in the first half of this year (seasonally the least important) but it expects to recover strongly in the second half. Analysts expect the group to make about £15m this year, against £11.5m, but it will have to, in order to cover the dividend under current cost accounting. The shares hardened 1p to 67p.

## Associated Engineering outlook clouded

By Peter Wilson-Smith

Associated Engineering increased pre-tax profits by only 2 per cent to £10.5m in the first half-year to March 31 and the outlook for the second half remains uncertain.

At the annual general meeting last January Mr John Ferguson, the chairman, held out hope for some improvement in full-year profits if the steel strike was quickly settled and there were no other major disruptions.

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In the first half, a rise of nearly a fifth in pre-interest profits to £16.2m was largely eroded by the sharp jump in net interest charges from £3.3m to £5.7m. The increase in pre-interest profits arose from acquisitions and from overseas companies.

The United Kingdom companies, suffering from the aftermath of the engineering strike, as well as the steel strike and inflationary pressures, turned in flat performance. United Kingdom exports showed an encouraging increase in value of nearly a third, but margins were squeezed.

Group sales for the six months were 24 per cent higher at £227m, but 8 per cent of the increase was due to acquisitions and the bulk of the rise occurred overseas, where turnover was up from £72m to £99m.

Other important factors were the sale of assets—which brought in £15m before the year end, and a further £35m since then, which has also been used to cut borrowings; a £20.9m decrease in the working capital requirement—mainly reflecting a run-down in the amounts tied up in land and property; and a decision to cut back on capital spending which was down from £130m in 1978 to £54m in 1979.

In the event, though short-term loans have actually increased from £117.3m to £130.6m,

As the source and application of funds statement suggests, however, the improvement was only partly due to the £20.9m improvement in pre-tax profits to £38.7m.

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In the event, though short-term loans have actually increased from £117.3m to £130.6m,

Despite the modest rise in pre-tax profits, earnings after tax were lower and the interim dividend has only been maintained at 2.33p gross. Earnings per share fell from 7.4p to 6.9p because of the higher tax charge of £3.4m compared with £2.6m. The increase in the tax charge was largely accounted for by a smaller deduction of deferred tax no longer provided.

The shares fell 1p yesterday to 58p. On the basis of a maintained final dividend, the shares yield 14.8 per cent. The p/e ratio on 1978-79 stated earnings is 4.2.

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## **Engineers suffer setback**

**ACCOUNT DAYS:** Dealings Began, May 12. Dealings End, May 30. § Contango Day, June 2. Settlement Day, June 9

§ Forward bargains are permitted on two previous days

# **BELL'S** **SCOTCH WHISKY** **BELL'S**

61 21296

\* Ex dividend. † Ex all. ‡ Forecast dividend. § Corrected price. ¶ Interim payment passed. || Price at suspension. # Dividend and yield exclude a special payment. \* Bid for company. ^ Pre-merger figures. & Forecast earnings. \*\* Capital distribution. \$ Ex rights. ¶ Ex senior or share split. % Tax free. \* Price adjusted for late dealings. . . . . No significant data.





## £10,000 plus Appointments

# Can you plan London's future?

### Controller of Transportation and Development

In the light of the impending retirement of Mr. F.B. Pooley, CBE and the reorganisation of part of the top management structure of the Greater London Council, we are seeking a top executive of the highest calibre for this key post. A genuine and keenly informed interest in London and its potential is required, as well as the ability and drive to ensure the successful implementation of management change.

The Controller will be expected to play a full part in the Council's corporate management as a member of the Director-General's Board. In particular he will advise the Council on all aspects of planning, development and transportation matters; these include the GLC's responsibilities for London's public transport systems (including London Transport), the control and oversight of London's road building programme, and the promotion of employment and industry.

Heading a multi-disciplinary department of some nine hundred staff, mainly professional and technical, the Controller will need broad vision, appropriate qualifications and a proven record of achievement in relevant management fields. He or she should have an understanding of the requirements of, and communications within, a large political organisation providing a wide range of public services.

The salary for this post is in the range of £23,219 to £25,712, inclusive of London Weighting allowance (under review).

Further details and an application form, returnable by 16 June 1980, are available from the Director of Personnel:

Greater London Council, Room 334 (DP/PS1/JH), The County Hall, London SE1 7PB.

Telephone: 01-633 7230.

**GLC**  
WORKING FOR LONDON

## CHIEF EXECUTIVE

LIVERPOOL COUNCIL OF SOCIAL SERVICE

COMMENCING SALARY AT LEAST £10,000 p.a. + CAR

The Liverpool Council of Social Service is seeking a successor to the present Chief Executive, Mr H.R. Poole OBE, who is retiring in May 1981 after 29 years service. The Council, which was founded in 1909 provides financial, administrative and information services for local voluntary organisations and community groups, administers local charitable trusts and actively promotes projects designed to meet the changing social needs of the community.

The Chief Executive, who is responsible to the Council's Executive Committee, leads a team of 20 professional and clerical staff and controls a budget of around £100,000 p.a.

Applications are invited from men and women aged between the mid 30's and early 50's whose qualifications and experience demonstrate the levels of managerial skill, administrative ability and initiative needed to build on the Council's very considerable achievements of the past 70 years.

Whilst experience in local government or in voluntary charitable organisations would be of considerable interest, the Council would not wish to preclude applications from people with a record of achievement in other occupations.

If you are interested in this position, please write with brief details of your education and career to date to:—The Chairman, The Liverpool Council of Social Service, 14 Castle Street, Liverpool L2 0NJ. Your application will, of course, be dealt with on a confidential basis.

## DIRECTOR OF MEDICINE

(circa £54,000 per annum plus fringe benefits)

Allied Medical Group and the Riyadh Al-Kharji Hospital Programme are building a team to develop the clinical and medical support services to the Riyadh Military Hospital, which opened in September 1979.

We are currently looking for a Director of Medicine, as an integral member of this team, who is prepared to make the professional commitment necessary to establish the hospital as a major tertiary care and teaching centre.

The individual selected will currently be occupying a Consultant or Honorary Consultant post in a teaching hospital, will have a national or international reputation and will have an established interest in Post Graduate Education.

The fringe benefits are generous and you will be joining a well-established medical community.

If you are interested, please write in confidence to:—Mr. John Wyn Owen, Allied Medical Group, 18 Grosvenor Gardens, London SW1W 0DZ.

**Allied Medical Group**

## INTERPRETATION GEOPHYSICIST



Kerr-McGee Oil (UK) Limited is extremely active in exploration and development programmes in the U.K. and overseas. We require a geophysicist to work in our London office which is responsible for all Kerr-McGee's oil and gas operations outside the U.S.A.

Applications for this post are invited from graduates with a minimum of 3 years interpretation experience, preference being given to those candidates having broad-based experience with another oil company. With the continued expansion of the company, a rewarding future awaits the right candidate, who can be assured of a highly competitive salary and attractive fringe benefits.

Please contact:

John Lander  
Kerr-McGee Oil (UK) Ltd.,  
195 Knightsbridge,  
London SW7 1RL  
Telex: 01-589 1434

## TELECOMMUNICATIONS ENGINEER INSTRUCTORS

Required at: NATO Communications School, Latina, Italy, (near Rome) for: (A) Telegraphic Automatic Relay Equipment, NATO Grade A-3; (B) On-line Cryptographic Equipment, A-2; (C) Software Controlled Telephone Switches, A-2; (D) Network Control System, A-2; (E) Telegraphic Automatic Relay Equipment, A-2 to be filled as soon as possible. Degree/Diploma level with digital and/or switching background required. Previous teaching experience advantageous. Internationally competitive tax-free salaries and allowances payable. For full details and applications, write immediately to:

HQ AF SOUTH, PANDA Div, CPB  
80125 Bagnoli (Naples) Italy  
Tel. (081) 7609022 Ext 2223  
Specify post in which interested.

## SAYERS BUTTERWORTH TAXATION PARTNER—LONDON

This established firm seeks a Chartered Accountant Partner to take a leading position in its Taxation Department, which deals with all aspects of both Corporate and Personal Taxation. It also provides tax planning advice, a personal service for individuals including those with agricultural and landed estates and interests in overseas trusts, and deals with the settlement of a wide variety of business and professional taxation matters. Applicants should already be successful, have had considerable experience in the particular fields mentioned and have the ability to give clients the highest standard of service. They should be characterised by loyalty, initiative and drive and be able to lead a team of specialised technical staff. It is intended that the successful candidate, who will probably be aged 33-40, should be appointed a Partner with a share of profits fully commensurate with the high qualities which the firm is seeking. Please write with full particulars to:

Mr. H. Lamdin,  
Sayers Butterworth,  
Chartered Accountants,  
62 Broad Street,  
London W1Y 2DB.

## GENERAL SALES MANAGER PIPER CORPAC AIRCRAFT

CSE, sole authorised distributor for the Piper 'Corpac' range of aircraft in the U.K., Ireland and East Africa, are seeking a General Manager for this division of their aviation interests. 'Corpac' signifies Piper's top line turbo-prop Corporate aircraft and the person appointed will probably be based at CSE's Jet Centre situated at London/Stansfield Airport.

This appointment is viewed by CSE as one of the most important they have ever advertised, and only the most highly qualified will be considered. Future prospects within the company will depend upon results achieved and overall performance so past experience of top quality merchandising and total aviation knowledge is essential.

Replies in confidence, should be addressed to: R. A. Smith, Managing Director, CSE Aviation Ltd, Oxford Airport, Kidlington, Oxford OX5 1RA.

OPEN TO MALE AND FEMALE



## Exploration & Operating Personnel

Our current expansion plans require additional seasoned explorationists and engineers to further our involvement in developing several existing North Sea interests, including the Brae Field, and take advantage of the opportunities offered in the forthcoming United Kingdom VII Round of licensing.

As a majority British owned independent company, an active and aggressive operating role is anticipated on behalf of a recently formed joint venture group. There are immediate openings for experienced geophysicists and geologists who can demonstrate how they can help us take a leading part in the development of Britain's resources.

People prepared to work with an ambitious, challenging and rewarding team and accept high levels of individual responsibility will be well compensated and offered appropriate incentives related to company performance.

It is proposed to change the name of Siebens Oil & Gas (UK) Ltd to Sovereign Oil & Gas Ltd, to reflect the new direction that the Company intends to take and the acquisition of the original Siebens share of the Company by Dome Petroleum Ltd. of Canada.

Please write with full details of previous experience and performance for the attention of Mr. J.A. Taylor, Siebens Oil & Gas (UK) Ltd, 14 Waterloo Place, London SW1Y 4AR. Applications will be treated in strictest confidence.

### SIEBENS OIL & GAS (UK) LTD. SOVEREIGN OIL & GAS\*

\*A proposal to change the Company's name to SOVEREIGN OIL & GAS LTD. has been put to shareholders

## CHELSEA TRADING

"the cane furniture people"

Require:

### MANAGING DIRECTOR

Salary: £10,000 p.a. plus car, expenses account and profit sharing. In terms income expectancy £20,000 p.a. +.

Equity participation considered.

We require a person with 20 years experience and 40 years of age, possessing exceptional drive, ability and a sense of humour.

Desire: To make logical decisions and not delegate upwards. To see to do: to accept responsibility and be able to deal effectively day to day running most of the business (only 10% is made up of direct sales) and a successful commercial concern.

Experience: Not essential, only qualifications self-confidence, initiative, and ability to share the enjoyment of success.

Write to our Head Office. No telephone calls, please.

### SECRETARIAL and Non-secretarial Appointments also on page 18

### NON-SECRETARIAL

### EDITORIAL ASSISTANT

An assistant is needed to work on a series of high quality illustrated news items for publication.

The job will initially involve proof-reading, picture research, writing short articles, and some typesetting. Some writing and editing skills are required.

Write to: Mrs. J. Smith, Head of Publications, Royal Society of Medicine, 1 St Andrews Place, Regent's Park, London NW1 4LE.

APPLICANTS should have a degree in a historical subject, and at least two years editorial experience.

NU: Grade A.

Please apply to:

Karen Goldie-Morrison,  
Natural History Books,  
The Rainbird Publishing  
Group,

36 Park Street,  
London, W1

### LEGAL NOTICES

### No. 901045 of 1980

In the High Court of Justice, Chancery Division, in the matter of PROVOST POSTER GROUP LIMITED and in RE THE COMPANIES ACT, 1948.

NOTICE.—HEREFORTH GIVEN

that on the 1st day of June, 1980,

the day named in the said

notice, the said poster

should be granted

to the Secretary of State for

Trade and Industry, Croydon, CR9

946 1980.

RECENTLY PARKED

in my house

an unauthorised

motor vehicle

was parked

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## PERSONAL CHOICE

Magnusson in the field near Hastings where the battle took place in 1066: (*Vikings!* BBC2, 8.30)

It's a deadly serious play Electric in the City (BBC 2, 7.30) my kind of play. Far too pessimistic; and when it sends me a political message, I need it spelt out clearly to spend time reading it. None the less, I can detectable merit in the play if I try to see it through the eyes who believe we are on the brink of annihilation and pret everything as a portent of doom. And, by g, I mean everything: a city blacked out by a black-out station manager; a dying political idealist; a who has lost his way; his girl-friend who doesn't want a dotty Messiah who feeds off his loony disciples; an cafe; a murdered newspaper; a Concorde boom that like a nuclear blast; a vandalized library, and a pig's dustbin.

A highly satisfactory weeks. Magnus Magnusson's series comes to an end (BBC 2, 8.30) with the entry of the Conqueror and the exit of King Harold; in short, the Viking age begins. If, like me, you absorbed only Mr Magnusson and during the series, you can catch other half by buying his book, *Vikings!* (BBC and end, £10). It's a handsome affair, with many colour and, naturally, the TV text greatly amplified.

Thomas, Wales's master anecdotist, helped to give the series *The Collie's Crusade* (BBC 2, 6.55) a fine last week. Tonight, we do not hear his cascading prose, the turn of those miners who left the valleys for the rugged battlefronts of the Spanish Civil War, the nature of their departure (some left without telling us where they were going), and to describe what was at them at journey's end.

day for music on radio: A Janet Baker recital (Radio 3 including the Lemnos Berkeley settings of five Auden poems piano concertos (Gerhard Oppitz with the Berno (Radio 3, 11.30 a.m.) and Beethoven, Haydn quartets (La Salle String Quartet, Radio 3, the day's big musical event is the live transmission of the English National Opera North of Delius's opera *A Village Romeo and Juliet* (Radio 3). Schedules sent to me by some of the 20 established radio companies fill me with admiration for the of their programming. Today, the 21st station, Mercia gins transmissions. It serves Warwickshire and part of here and I wish it well.

IE SYMBOLS MEAN: \*STEREO; \*BLACK AND WHITE;

## Broadcasting Guide

Edited by Peter Davall

## TELEVISION

## BBC 1

6.49 am Open University: *BART* programme (2); 7.05 Seabrook direct fiction (2); 7.05 Closer to the metals. Closer to the metals. 7.30 *Play School*: Maurice Semple's story: *Clouds and the Rain*; 7.45 *Baaby Parade* and the Nitwits: carrots; 8.40 *The Red Hand Gang*: children's serial 8.10 in the Limelight with Lesley Ley; Judd's guest is Brian Jacks; 8.35 *The Wombles*. 9.40 News with Richard Whitmore; 9.55 Nationwide. 10.15 *Merry-go-Round* (Keep Up with the Times); 10.30 *Going To Work* (Spare Time); 11.00 *Hymn o' Praise*: Welsh choral singing.

11.25 *You and Me*: a traditional Greek-Cypriot story, told by Betty Kyriakou (r); 11.40 *PEF Schools*, college, everyday matters. 12.00 *International Gelt*: Sun Alliance PGA Championships from Royal St Georges, Sandwich. Featuring many of the greatest golf players in the world, including Severiano Ballesteros. More at 2.30. 12.45 *News* and weather. 1.00 Pebble Mill at One: The programme's Award of the Year goes to Mike Yarwood, winchman in the RAF helicopter that saved 36 lives in the Eofisk oilfield disaster. Also, an interview with Apocalypse Now star Martin Sheen; 1.45 *Camberwick Green*: puppet story.

## BBC 2

6.40 am Open University: *Images of the city*; 7.05 Geology-unitary polymer production. Closer to the arts at 7.55. 11.00 *Play School*: same as BBC 1, 3.35. Closer to the arts at 11.25. 12.00 pm International Show Jumping: Lambert and Butler International Stakes from Hickstead. There's a £1,000 prize in today's £15 International Gelt: *The Sun* Alliance PGA Championship. Transmission begins as soon as BBC 1 competition ends.

4.50 Open University: *Holography* at work; 5.15 *Minerals*: 5.40 Statistics; 6.05 *Mathematics*: growth and differentiation; 6.30 *Astronomy*.

6.55 *The Collier's Crusade*: Part 2 of this documentary series about

2.02 *For Schools*, Colleges: After the Gold Rush (about the poet Robert Service) (r). 2.30 *International Gelt*: see also 2.30, 12.00. More on BBC2 3.55. 3.55 *Play School*: Maurice Semple's story: *Clouds and the Rain*; 7.45 *Baaby Parade* and the Nitwits: carrots; 8.40 *The Red Hand Gang*: children's serial 8.10 in the Limelight with Lesley Ley; Judd's guest is Brian Jacks; 8.35 *The Wombles*. 9.40 News with Richard Whitmore; 9.55 Nationwide. 10.15 *Merry-go-Round* (Keep Up with the Times); 10.30 *Going To Work* (Spare Time); 11.00 *Hymn o' Praise*: Welsh choral singing.

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## THAMES

9.30 am *Schools*: Making a Living; 2. 9.52 Over to You; 10.15 *Look Around*; 10.25 *The French Programme*; 10.48 *Experiment*: physics; 11.05 *Writers' Workshop*: About Books 11.27 *Seeing and Doing*; 11.45 *Picture Box*. All produced in colour. 12.00 *Beany and Cecil*: cartoon. Little Acme from Outer Space (r); 12.00 *Songbook*: Jackie Africa is today's guest; 12.10 pm *Once Upon a Time*: The story of the Little Red Riding Hood. 12.15 *More or Less*: with Derek Cooper and Sheila Duffey. 1.00 *News*, and *Financial Times* Index: 1.20 *Thames News*. 1.30 *For Maddie with Love*: Drama serial about a sick wife (Nynae Dawn Porter). Today: the husband (Ian Hendry) has found the person he could and has left. 2.00 *Afternoon Plus*: Includes another winner of the TV Times "Choose a Guest" competition. With Mavis Nicholson and Simon Reed.

WAVELENGTHS: Radio 1 medium wave 275m/1089kHz or 285m/1053kHz. Radio 2 med wave 330m/900kHz or 433m/631kHz and 92.95 VHF. Radio 3 med wave 247m/1215kHz and 90.92 VHF. Radio 4 long wave 1500m/206kHz and 92.95 VHF. Greater London area only: med wave 720kHz/417m. LBC 261m, 97.3 VHF. Capital 194m, 95.8 VHF. World Service: med wave 648kHz (463m). BBC Radio London 206m, 94.9 VHF.

15.00 *News* and weather. 15.30 *Music* (with David Attenborough). 16.00 *Evening News*. 16.30 *World Service*.

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The Times, PO Box 7.

Newspaper House, Senate  
GPO, London WC2E 7SE

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01-789 9351

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061-834 1254

Queries in connection with  
advertisements that have  
appeared, other than cancella-  
tions or alterations, tel:

**Classified Customer Department**

01-837 1234

All advertisements are subject  
to a charge of acceptance  
of £1.00 per cent of the  
value of the advertisement,  
copies of which are available  
on request.

**PLEASE CHECK  
YOUR AD.**  
We make every effort to avoid  
errors in advertisements. Each  
one is carefully checked and  
proof read. When thousands of  
advertisements are handled each  
day mistakes do occur and we ask  
that you check your ad. if you spot  
an error report it to the Classified  
Queries Department immediately by telephoning 01-837 1234.  
(ext. 7109). We regret that we  
cannot be responsible for more  
than one ad. if yours is incorrect  
insert it again.

**THE DEADLINE  
FOR ALL COPY IS  
24 HOURS.**

Alterations to copy is 3.00 pm  
prior to the day of publication.  
For Monday's issue the  
deadline is noon Saturday. On all  
cancellations a Stop Number will  
be issued to the advertiser.  
On any subsequent queries  
regarding the cancellation, this  
Stop Number must be quoted.

"**AND HE SAID unto me,  
son of man, call these bones,  
life. And I answered, O Lord  
liveth. And thou knowest."** Ezekiel  
37:13

**BIRTHS**

**ALEXANDER** ... On May 18th, at  
Cuthbert Hospital, Liverpool, Mrs  
Clark and Stuart, daughter  
of Lord and Lady ... and son.

**BARLOW** ... On 20th May, at 5 am,  
second son, Mr. David  
John, born from Mr. Ben  
and Janice.

**GARRETT** ... On May 19th, at  
St. Luke's Hospital, Liverpool,  
Mr. Edward and Mrs. Linda  
Garrett, daughter of Mr. and  
Mrs. Charles.

**CATT** ... On May 19th, to Anne  
and John, daughter of Victoria  
and John, born from a  
sister of Elizabeth and Nicols.

**HATFIELD** ... On May 20th, at  
John Radcliffe Hospital, Oxford,  
Mr. Alan and Neeta, the gift of a  
son, Timothy, and a brother

for Elizabeth and Nicols.

**JONES** ... On May 20th, to  
Peter and Linda, daughter of  
John and Linda, born from  
a brother of Elizabeth and Nicols.

**LACEY** ... On May 20th, in London,  
Mr. and Mrs. Peter Lacey, the  
couple of *Grease*, a sister  
of Linda and Nicols.

**LELAND** ... On May 19th, in Abing-  
don, to Fiona and Michael,  
son of John and Linda, born  
from Christopher and  
Christopher.

**MURPHY** ... On May 15th, at  
University College Hospital,  
London, Mr. and Mrs. Christopher  
Murphy, the couple of *Grease*.

**PHILLIPS** ... On May 21st, to  
Edmund and Linda, son of  
John and Linda, born from  
Christopher and Christopher.

**POYNTON** ... On May 15th, to Philip  
Edmund.

**RADFORD** ... On May 20th,  
suddenly, at home in Cheadle  
Hill, Mrs. Diane Radford, the  
couple of *Grease*.

**WALKER-BRANSTOTT** ... On May 21st,  
suddenly, at home in Abing-  
don, to Linda and Andrew,  
son of James and Linda, born  
from Arabella and Arabella.

**WILSON** ... On May 20th, to  
Peggy and John, son of John  
and Linda, born from Linda  
and Linda.

**WILSON** ... On May 20th, to  
Catherine and Barry, son of  
John and Linda, born from  
Barry and Catherine.

**WILSON** ... On May 20th, to  
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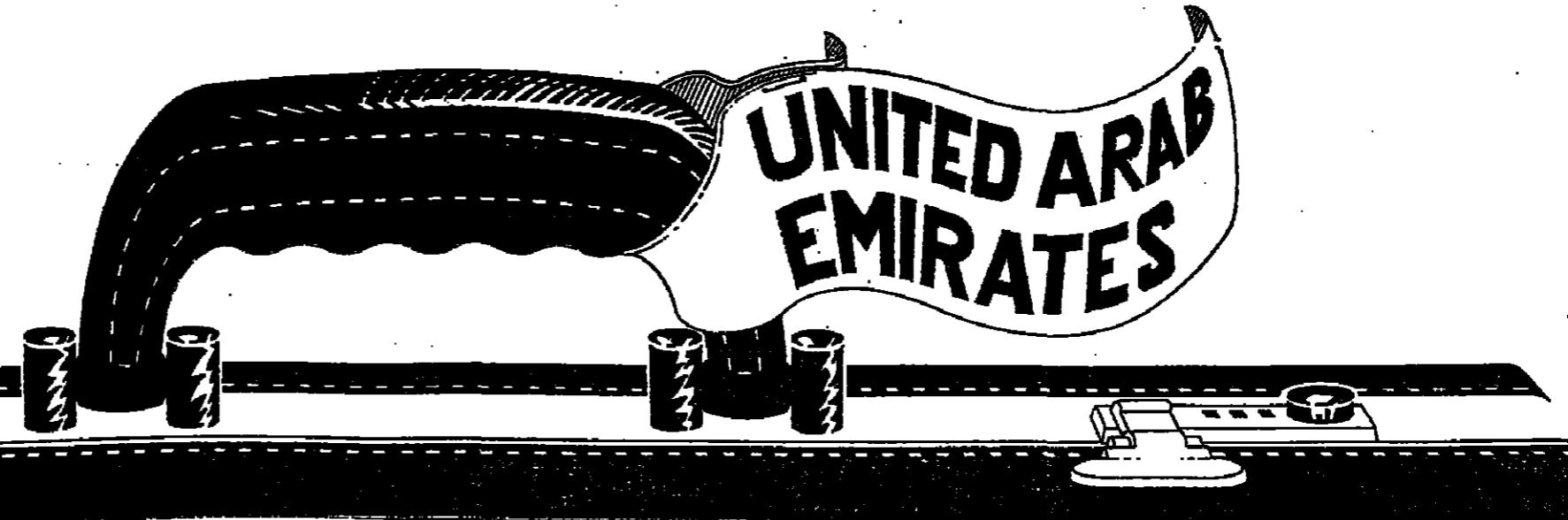
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Report assesses the political, business and scene in the seven federated Gulf states, includes a two-page economic briefing



## West has lost friends in The Gulf

ace, it is possible to rupt the vital oil supplies to the West. Such beliefs, if held firmly enough, can translate themselves in an introspective state into a form of foreign policy, and this is what has happened in recent years in the UAE where minor border disputes have led to more public discussion than major world events.

The invasion of Afghanistan served to enforce this point of view and consequently led the West to believe that its links with the UAE were thereby strengthened. To an extent this is true, but there is an additional element to the Persian invasion which is less frequently appreciated. British force often tends to overshadow events of less importance, even though in the long term, the latter may prove of more moment.

The Soviet forces which rolled across the border at Christmas were not simply, in the UAE's view, bringing the Russians a step nearer The Gulf. They were also attacking the fabric of Islam, a religious concept which the West finds difficult to understand.

After all, Afghanistan is not part of the Arab nation, and neither is Iran, where d, along with other events continue to fuel the tensions of the Middle East. And in the UAE most of the locally-born population is Sunni, not Shia. Muslim as in the case of Iran.

These arguments may seem, seeking to sound precise and forceful, expounded inside an

embassy, but they are clearly not accepted by the people themselves. Whatever the illogicalities of it all to Western eyes, an insult to Islam still surrounds geographical, political and, to an extent, sectarian barriers.

In the case of the UAE, such feelings are evident, but not to the extent that they might be expected,

per se, to reshape attitudes. As one UAE official expressed it: "This is like saying that Britain's North Sea oil is the property of those who need it, rather than those who own it".

British businessmen may have trembled at the economic consequences of the film within Saudi, but in the UAE there has been only one effect—video cassettes of the film, pirated from Britain, are in great demand.

The public utterances of the UAE shaikhs have been few and they have kept their peace with the Saudis by assuring them privately that they too found the film offensive to Islam, though the idea of a princess being executed in similar circumstances in the UAE is unthinkable.

In the event, the catalyst which has combined with this muted respect for Islam to become a real form of political debate came from America.

Its precursors were President Carter's public statements that America would protect its vital oil links with the Middle East by secured economically by the

federation's oil income, but are unlikely to stem from the structure of power.

White in recent events, such as the stance and its closely-linked industrial efforts appear to be administered, perhaps surprisingly, have done nothing to damage the close relationship which exists between the UAE and the many British citizens who are there who make their living in the area, a relationship forged in the days of the Trucial States.

These suspicions of the West were seemingly confirmed by President Carter's abortive mission to rescue the hostages in Tehran. To the West the move may appear to be the result of a frustrated administration which has exhausted all other avenues of action. For many rulers along The Gulf, it has reduced American standing to that of the Russians.

The semantic difference between what the Americans describe as a force of "intervention" and the Russian "invasion" of Afghanistan does not translate itself into Arabic. To the Arabs, they are both *Tadakhal* and receive equal condemnation.

This is not to say that the aftermath of the American venture into Iran will be a serious destabilization of the whole of The Gulf region. The riot police in Dubai, the second most important UAE state after Abu Dhabi, last summer became Prime Minister of the UAE, as well as Vice-President. This brought him closer to Sheikh Zayed bin Sultan al Nahyan, the Ruler of Abu Dhabi who has been President of the UAE since the beginning in 1971, and who

is

From a purely partisan point of view, the past few months, perhaps surprisingly, have done nothing to damage the close relationship which exists between the UAE and the many British citizens who are there who make their living in the area, a relationship forged in the days of the Trucial States.

UAE rulers differentiate clearly between the actions of the American Administration, which has a small diplomatic presence in The Gulf, and those of the British, who are present in considerable numbers.

Any serious threat to the stability of the region will come from elsewhere, from a less solidly based state or some such action as a military blockade in The Gulf.

The semantic difference between what the Americans describe as a force of "intervention" and the Russian "invasion" of Afghanistan does not translate itself into Arabic. To the Arabs, they are both *Tadakhal* and receive equal condemnation.

The doubts for the future which are expressed by Westerners in the UAE are centred on the belief that current events are decided by immediate, and not long-term, considerations. Whatever happens in the world, the West will move. The Gulf, in the past year, it has lost old friends there and made few new ones. The results may take years to make themselves known, but no one doubts that the Arabs have long memories.

David Hewson

Jerome Caminada reports on the state of the federation

## Moving towards unity

The federation known as ways has been the linchpin of the federation.

The two men this year Commander in Chief are all have been working together in Abu Dhabi, the Minister tactfully. Considering that of Defence and his headquarters, perhaps surprisingly, have done nothing to damage the close relationship which exists between the emirates they represent are in Dubai. The fought over border disputes Minister is Shaikh Mohammed, son of the Ruler of Dubai, who takes traditional outlooks seriously, this is a sign that his responsibilities seriously, and is known as a skilful pilot.

From the federal viewpoint it is no bad thing to desert is lovely. Defence, for example, is not exactly har

monized. The forces of the geographical centre of the UAE; the Minister of Agriculture is there, too. years ago Shaikh Zayed, as Nor is it to be wondered President and Supreme at that the forces drawn Commander, designated one from the seven components of his sons, Shaikh Sultan, of so young state, and those of the British, who are present in considerable numbers.

These fears were aggravated by the admittedly hypothetical thesis that the Americans' actions in freezing Iranian petrodollars in America after the overthrow of the Shah could just as easily be extended to any other Middle East state which falls foul of Washington.

While such moves cannot be in anyone's eyes, add up to a Western conspiracy against The Gulf, they do serve to start suspicion about Western movies.

The UAE is particularly prone to organize over the question of outside interference in its affairs.

The federation itself, through its own choice, has embarked on a policy of attracting many immigrants to fill lowly jobs in the service industries, mostly from India and Sri Lanka. The natives are outnumbered in the professions where most positions are taken by English staff.

The riot police in Dubai, the second most important UAE state after Abu Dhabi, last summer became Prime Minister of the UAE, as well as Vice-President. This brought him closer to Sheikh Zayed bin Sultan al Nahyan, the Ruler of Abu Dhabi who has been President of the UAE since the beginning in 1971, and who

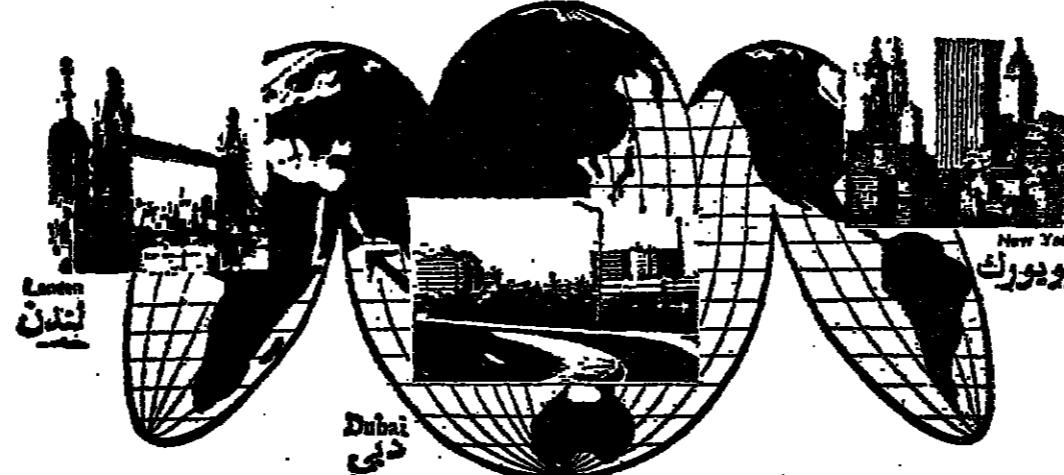
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continued on page III

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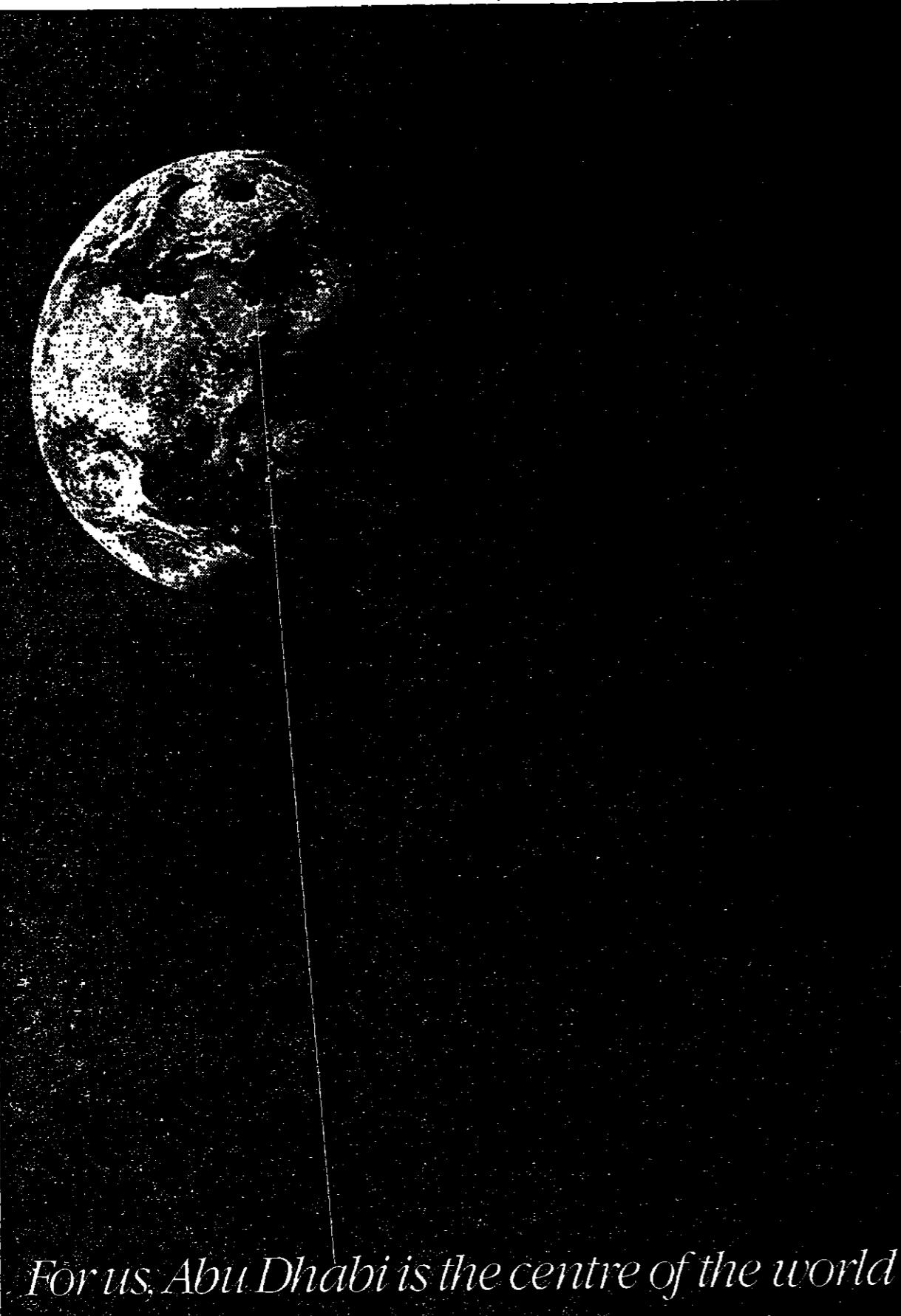
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## Economy

# When the wells run dry

The UAE imported more Sharjah to Ras al Khaymah stations and civic amenities than two watches in 1979 it is clear that the oil wealth, concentrated largely in the hands of Abu Dhabi and Dubai, has yet to permeate through to the poorer emirates. The roadside second-hand car lots and workshops specializing in reconditioned refrigerators are more evocative of a less-developed economy in Africa than the oil-rich Gulf. They testify to the fact that some UAE nationals have to live on their wits rather than on handouts from the Ruler's office.

Such figures can be misleading. The economy in 1979 generated a huge surplus of exports compared with imports. Oil revenues at \$14,000m easily topped the import total of about \$6,000m. Yet when merchants meet they tend to talk about the recession and their bankers chide them by warning that the boom period is over.

With energy prices high it is hard to believe that the boom is over or that in an oil economy mistakes can cause lasting damage. The economy has been damaged though, by excesses in the mid-1970s, particularly in the northern emirates which now depend on the federation for money to complete their main service programmes started in the mid-1970s.

Driving north through

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It is generally recognized that Dubai and the northern emirates went through a recession starting in mid-1977 which has continued until today. By mid-1977 it was apparent that Dubai had overspent its relatively modest oil income derived from a production of 354,000 barrels a day. Sharjah with declining revenues was similarly restrained and now has debts of an estimated \$3,000m. The other emirates with little immediate hope of oil discoveries had also missed the tide.

Each emirate by 1977 had embarked on ambitious programmes to build hotels, airports, ports, roads, power stations and civic amenities. The result was a duplication of projects, rapid and largely uncontrolled expansion of the banking system and much waste. However, the policy has its defenders.

An economist at the National Bank of Abu Dhabi says: "Although it is clear now that too many airports and hotels have been built for a small country, think what they would cost at

the price?" The question uppermost in the mind of UAE business men and their customers is whether the economy is about to pick up. While Abu Dhabi has continued to be the focus for continuing government spending there has been little elsewhere since the money began to dry up in Dubai and Sharjah in mid-1977. M. Hugo de Clercq, who is a representative for Banque Brussels Lambert of Belgium, reflects a feeling in the Dubai expatriate business community. He says: "Although I am based in Dubai, most of my customers are outside the emirate. I want to serve a population of less than one million at least each week in Abu Dhabi—if only I had the

time."

If this extra disbursement comes above it will go a long way towards meeting the demands of the northern emirates for a greater share of development finance. The UAE already suffers from having a bloated bureaucracy, with 33,601 civil servants.

More business for contractors and recent years than ever authority.

They also point organizations such as

Continued on

## Oil

# Dirhams damaged by the dollar

Most of the United Arab Emirates' population of 891,000 have never seen an oil well. Yet petrol, as it is called since there is no sound in Arabic, is as emotive an issue as coal in south Yorkshire or steel in Wales.

This was shown recently

when demonstrations erupt

after moves to increase

petrol prices in Dubai and

the northern emirates.

Despite being Opec's fourth

largest producer with an

output of 1,800,000 barrels

day (b/d) the UAE is vul-

nerable when it comes to re-

fining products made from

crude oil. Of the seven emi-

rates only Abu Dhabi has its

own refinery, and the 15,000

b/d plant at Umm al Nar

island outside the capital

provides only 40 per cent of

Abu Dhabi's needs.

The demonstrators called

for the nationalization of the

foreign oil companies (BP,

Caltex and Shell) which run

the garages in the northern

emirates. The Government

acted quickly by introducing

a subsidy which effectively

cut the pump prices, now

3.30 dirhams a gallon (40p)

to close to the 1979 levels,

and for the time being the

question of nationalization

has been shelved.

With an oil revenue of

about \$15,000m expected in

1980 it is hard to see how

anyone could be dissatisfied.

Yet in the suks and juice

houses of Abu Dhabi and

Dubai citizens and merchants

grumble about the way they

feel their country's revenue

is damaged by the dollar.

"Our currency should be

strong since it is an oil cur-

rency", a leading Dubai

merchant who advises a

British bank, said, "yet I

believe it is undervalued by

at least 7.5 per cent."

Over the bubble pipes

locals are quick to point out

that what is important to the

economy of an emirate is

oil revenues, not federal sub-

sidiaries from Abu Dhabi or

handouts from Dubai and

other sources. In Ras al

Khaymah last December

when news spread of the

imminent arrival of a large

oil company (Gulf Oil) to

start a drilling programme,

house rents shot up. An

expatriate said: "In the end

it turned out that only three

geologists arrived, and that

put an end to the rent specula-

tions".

Although the UAE belongs

to Opec, only Abu Dhabi

follows Opec decisions on

pricing its crude oil.

Dubai and Sharjah fix their

own prices. In mid-1979

Dubai had recourse to the

spot market to sell consider-

able quantities of its produc-

tion of about 354,000 barrel

a day—a practice not fol-

lowed by Abu Dhabi.

Dubai, though scarcely one

of the world's large produc-

ers, exports more crude oil

than neighbouring Oman, and

the revenue is crucial to

understanding the economic

plans of the Ruler, Shaikh

Rashid, for his emirate. The

UAE's oil story really begins

and ends in Abu Dhabi,

which has more than 85 per

cent of the national produc-

tion, and most of the proved

reserves of 32,400 million

barrels are held in Abu Dhabi.

The reserves figure is

thought to be on the conser-

vative side, as the UAE

Oil Minister, Mr Manan bin

Said al Otaiba, says that

actual reserves are larger

than any previously pub-

lished figure. Speaking rhetor-

ically, perhaps, he has

said that the UAE would

produce "The Gulf's last

barrel of oil". What he was

referring to was the UAE's

policy of conservation, and

its determination to produce

only as much as is needed to

meet revenue requirements of

the state and its ruling

## Gas

## Great expectations

1980 could well be workers. The first of these flares into propane and butane is likely to be a \$200m plant on which ADNOC is considering offers from four pre-qualified design and construct groups, including those west of Abu Dhabi.

Ruways near the much-hoped-for Japanese terminal—Kawasaki-Kellogg—has been reached on a long-term contract with C. Hoh. Dugas

Udhe of West Germany and Heurtay of France. A decision is expected from ADNOC in May with a possible start in late 1980.

Plans for petrochemicals using gas as feedstock are more vague and unlikely to take shape before the late 1980s.

Abu Dhabi has succeeded in linking the price of its gas exports to the cost of its crude oil. This means that gas prices rise when charges are made in the selling price of the main export resources. Kuwait and Saudi Arabia have taken similar steps.

ADNOC believes that the Gasco project, which will harness gas at present flared, is only a start. At the Umm Shayi oil field drilling last year in the deep water zone 35km east of Das island produced a test at 80 million cu ft a day. The gas was good quality with a low sulphur content and ADNOC believes it may be one of the world's biggest discoveries.

In an interview in March ADNOC's managing director, Dr Mahmoud Hamra Krousha, emphasizing ADNOC's commitment to the gas programme, said: "This year we are planning another deep well in the offshore Zakum field to test the Khuff structure still further. It is too early to speak about the future of this discovery after only one well."

ADNOC is also expecting to do onshore exploration drilling in the Khuff structure at 18,000ft to 20,000ft in a few months.

Dubai had hoped to bring its gas plant on stream in February but the Dubai Natural Gas Company (Dugas) has experienced delays. The main user will be the Dubai Aluminium Company's smelter adjacent to the Dugas plant at Jebel Ali outside Dubai. The gas will come from Dubai's offshore Fazeh field and be piped to Dugas. After the propane, butane and condensate have been separated from the incoming "wet gas" the dry residue gas, a mixture of methane and ethane, will be handed over to Dubai to power its plant.

J.W.

The propane and butane will eventually be loaded on to tankers at the Jebel Ali industrial port, which is expecting about one tanker a month, and then be exported to Japan. Agreement has recently been reached on a long-term contract with C. Hoh. Dugas

as a minority partner, with the Dubai Government, Scimitar Oils (Dubai), a subsidiary of Sunnigdale Oils of Canada. The comparatively modest cost of Dugas, about \$400m, means that the scheme should pay for itself in about four years despite the high interest rates on some of the borrowing as part of the project.

Dugas avoided agreeing fixed prices with its customers which means that the Government will benefit from the high market prices being set by other producers of lpg. To a small producer of crude oil it also means saving the energy equivalent of 30,000 barrels a day of oil which represents the value of the gas now harnessed which was previously flared.

Dubai has hopes of finding independent gas fields in the Khuff structure since there are doubts whether the plant can produce all the residue gas needed by the emirates. At a political level an agreement has been reached with Abu Dhabi for the supply of extra gas needed by Dubai. ADNOC may undertake the construction of a gas pipeline between the two emirates although no time scale has been put on this.

The northern emirates also hope to find gas. Sharjah said recently that gas tests by Foreman Exploration of New Orleans and the United Kingdom company London-Scottish Marine Oil were encouraging, with flow rates in one well 20 miles north-east of Sharjah of eight million cu ft a day and 6,400,000 cu ft a day. Umm Al Qaywayan was also hopeful at one stage of finding gas and even started talks with Dubai with a view to piping the gas to Jebel Ali.

Although the possibility of gas in the northern emirates cannot be ruled out the likelihood of any commercial find being made in the next few years is remote unless a major exploration programme is mounted. This would mean investment beyond the means of all but Abu Dhabi.

The Currency Board managing director, Mr Muzri, said: "It is essential that the federal budget, and the Central Bank, accept these reassurances, but declare that it is essential to keep bankers' confidence.

The new Central Bank is unlikely to lift the moratorium on new banking licences, which was introduced in 1977. It is widely

expected that there are too many banks—the market is for less and less reward". The structure of a Central Bank is critical of the board's lack of specialization, and its inability to regulate the banking sector adequately.

They are particularly worried at the lack of liquidity in the UAE; funds attracted by dollar interest rates have left the emirates, and the Currency Board has been unable to regulate the flow of dirhams on to the interbank market. Mr Abdullah Muzri, managing director of the National Bank of Abu Dhabi, says that many banks were in danger of not having enough cash to stay liquid.

Western bankers are sceptical about the way the Currency Board regulates liquidity. "Nobody knows how liquidity is created. It is a crucial mystery," one said. Others declare that there is no correlation between the petrodollars earned and the amount of money which start functioning would be came on the market.

Mr al Hamar admits that Abu Dhabi and Dubai have agreed to deposit half their oil revenues with the Central Bank. Until now the emirates have been opposed to surrendering a stipulated portion of their oil income, but this is essential to support the dirham. The Central Bank will also be able to allocate 1,000m dirhams (\$267,300,000) a year to support real estate dealing and issue the federal budget.

The spectre that haunts every banker in the UAE is a repetition of the 1977 crisis, caused by Abu Dhabi's decision to cut its monthly flow of funds to the Currency Board, which in turn bad an adverse effect on the dirham. The crisis culminated in May, 1977 when the Janata Bank of Bangladesh and the Ajman Arab Bank were suspended.

Government sources say the crisis cannot be repeated. One has remarked that "even when dirham cover falls to less than 30 per cent in 1977 the dirham was not in real danger".

Funds are placed in the United States, Japan, Britain and elsewhere as a "pension" for the emirate—or for the federation—when oil wells run dry.

A proposal that half the oil revenues—and income from gas production—should go into the federal budget has been discussed by the federal budget for that year was approved. As sometimes this did not happen until late in the year, and unspent allocations would be frozen when the year ended, the consequence often was a flood of expenditure over the past few months. The Prime Minister has been charged by authorizing each ministry, pending acceptance of the temporary budget, to spend monthly up to a twelfth of its allocation for the year before.

Continuity in federal affairs is thus improving. There is almost agreement that this should be done, and in individual emirate visualize the town one day

## Finance

## Measures under way to set up Central Bank



Middle East Economic Digest: Customers at the counter in the British Bank of the Middle East, Dubai.

### Moving towards unity

continued from page I

but the argument now is on what is meant by "oil such as a rush of blood to the mainland; but their estuary".

Shaikh Khalifa, Shaikh Zayed's heir, now has the day-to-day running of Abu Dhabi's affairs, enabling his father to spend more time on federal matters. The President likes to take holidays in Pakistan, and this year

Shahid Rashid, the Prime Minister, was there at the same time, consulting with Shaikh Zayed on the budget, and taking a hunting holiday as well.

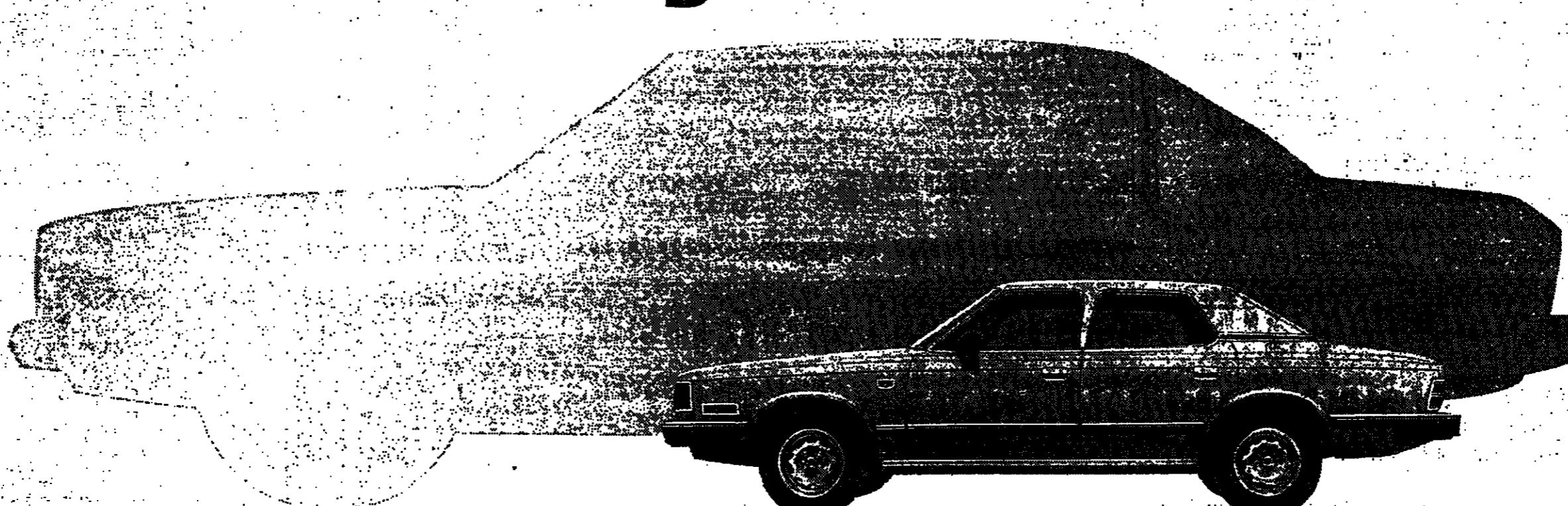
In each new year ministers have been unable to spend until the budget for that year was approved. As sometimes this did not happen

until late in the year, and unspent allocations would be frozen when the year ended, the consequence often was a flood of expenditure over the past few months. The Prime Minister

has been charged by authorizing each ministry, pending acceptance of the temporary budget, to spend monthly up to a twelfth of its allocation for the year before.

Continuity in federal affairs is thus improving. There is almost agreement that this should be done, and in individual emirate visualize the town one day

# The GALADARI secret is the bit you don't see



You've read Oil Sheikhs, Money and the Crash of Seventy-nine. reading, but there's another to the Middle East, a quite different story.

It all business in Arabia is sand-deep. The oil sheikhs have been substantial merchants for hundred years. Today, Galadari world multi-product, multi-service and multi-

achieve this, the Galadari Brothers bend the rules for commercial success that anywhere—set the standards you would for yourself and dig the foundations.

Mazda (the major Galadari slice of the car in the UAE) demonstrates this.

For cars, the UAE offers the worst climatic conditions in the world as well as one of the most competitive markets.

Galadari saw this as an unparalleled opportunity and the key to success—superb technical back-up. With Mazda as their entry—a car unmatched for reliability and endurance—they concentrated on service and spare parts. 1972 saw 200 vehicles sold; 1977—8000! In a market where penetration of the market by Japanese cars is of the order of 70%, the Mazda share is currently 21%.

When you buy a Mazda in the UAE you drive away with a superb car and, equally important, with a huge, unseen back-up in service and spare parts. No wonder sales climb and climb.

Galadari underpin all their activities from automobiles to air-conditioning, engineering to ice cream, with a shrewd trader's eye to the long-term satisfaction of their customers.

**It's the open secret of Galadari.**

The Galadari name conveys a unique reassurance throughout many fields. Here, apart from automobiles, is the Galadari list: Hotels, Banking, Engineering, Printing and Publishing, Textiles, Real Estate, Plastics and Chemicals; Air Conditioning and Refrigeration, Marketing and Distribution, Food Manufacture and Processing, specialised services including Insurance, Travel, Contracting and Market Research. New ventures are constantly under review.

In the Middle East, Europe, the United States and the rest of the fair-trading world the Galadari slogan is

one word—

**Galadari**





# Beyond Oil

## Dubai's 'Industrial Revolution' points the way

It is no accident that Dubai is leading the way in a policy of alternative development to oil.

Dubai is well placed to do this since it was a thriving commercial centre long before the discovery of off-shore deposits. The home of prosperous merchants, Dubai alone, was able to surmount the decline and disappearance of the pearl industry when it was faced with Japanese cultured pearls in the thirties. The Dubai merchants, whether they were dealing in pearls or gold, were a thrusting community even at a much earlier date, respected right round the Gulf and as far afield as India.

Oil, in any case, has not engulfed the economy as

elsewhere in the Middle East. H.H. Sheikh Rashid Bin Saeed Al Maktoum, Deputy President and Prime Minister of the U.A.E. and Ruler of Dubai saw from the outset that oil would not last forever, and, as a constant preoccupation, has considered alternative routes for the economy. Keeping oil in the ground is one solution, but, such static thinking has little appeal in Dubai. There were fresh generations to be considered with expectations far different from those that had obtained in the past. The country needed a diversified, economic base and this, it

was clear, would have to be created.

Dubai has traditionally looked to trade and to the sea. These, therefore had to be the point of departure of industrial expansion. First, there would have to be a deep water port of huge capacity, the relevant industries that could make as much use as possible of raw materials that existed locally or could be economically brought in. From these and other simple expedients, concepts of the industrial future began to arise. The great Jebel Ali project was born.

### out of the virgin sand – a year ahead of schedule

May 20, 1979, at Quay 10, Jebel Ali, the Nichigaku Maru began

loading cement clinker. To the men and crew of the Japanese this was mere routine, but for us it was much of the business of it, it was historic.

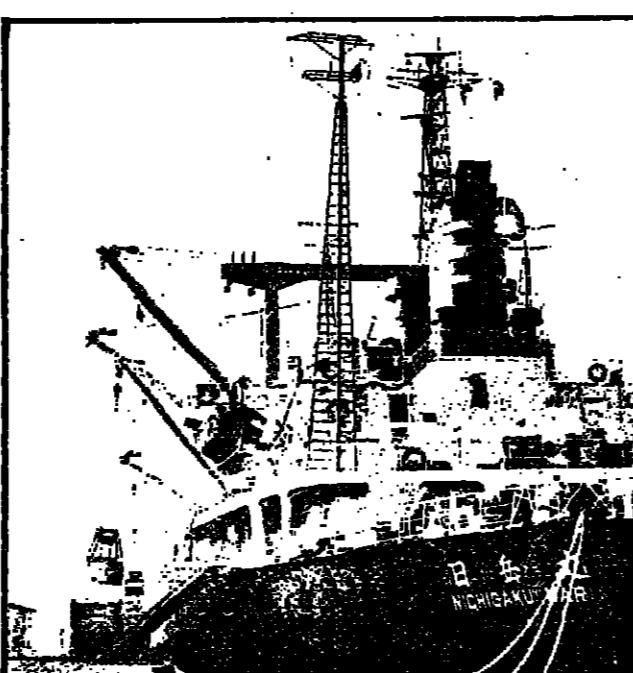
Jebel Ali Port, deep-water harbour and centerpiece of the multi-billion dollar Jebel Ali project, was

under construction. This was

in business circles from New York to Tokyo, as powerful confirmation of the vision behind what

has been called: 'the world's ambitious industrial under-

erstanding that Dubai's industrialisation is taking place from the ground upwards, gives it many characteristics. Chief among these is that theory and practice are put together here as nowhere else. A blank sheet of paper challenge and excitement, geography, topography, selection of materials, choice of what is produced, the interrelation of



The Nichigaku Maru unloading at Quay 10

### Before, during – and after oil. Dubai

Dubai is known to have existed as a fishing and pearlling community for hundreds of years. From the beginning its geographical position seems to have worked to its advantage. We already see the modern Dubai emerging around the turn of the century when sailors from the Persian port of Linneb moved to Dubai to avoid its customs duties. Others followed, usually seeking to avoid the pressures and the like, in their own countries, attracted by the ideas and progressive trading policies of the Ruler at the time. It began to develop as the major commercial centre of the Gulf and an established part of the sea routes to India and the Far East. Dubai today, a place of glittering buildings and roads that sweep through tunnels and over bridges nevertheless, still bears marks of its mercantile past; the graceful wind towers, for example, acts of a settled and prosperous community which made Dubai famous for shrewd and honest trading long before there was any sort of oil.

And when oil did come, it was not in all-obliterating quantities, today, Dubai does not claim to be more than sixth in oil-exporting leagues of the Gulf. Viewed from Dubai, therefore, oil has never seen as such a huge bonanza. It is true to say that it has fitted into a prudent housekeeping as a welcome addition, but without going that housekeeping out of all recognition.

Even if there had been no oil, it is perfectly possible that the industry now rising out of the desert at Jebel Ali, (though perhaps in a fixed form) would have arisen anyway.

The merchants and administrators of Dubai have always found the

transactions with third parties involving merchandise that never even touched the shores of the Gulf.

A Dubai banker, watching the first ships unloading at Jebel Ali was heard to remark: 'We are looking at the future – and it works'. In Dubai, the future-inherent potential for the Sheikdom, its people and the U.A.E. as a whole – underlies every commercial decision and government commitment.

The vision of Jebel Ali is the vision of an economy whose spread across industry, business and trade is wide enough to withstand the fluctuations of world business. Dubai sees no reason why it should be in the grip of vast, impersonal forces that can wither the future of a small country. This is why an analysis of the new undertakings in Dubai and Jebel Ali in particular, show industry being re-processed by further industry and re-emerging as commerce.

The billion dollar Aluminium Smelter at Jebel Ali provides a good example of this. Wast heat from the gas turbines will be taken up by a linked desalination plant and used, eventually to produce as much as 45 million gallons a day of water fit to drink!

Whether it is gas, concrete or water, the principle remains the same. It is the use of high technology to make what is in the ground, in the sea – in the very fabric of the mountains – work to produce commodities that will, in turn, produce trade.

This is complex yet simple – the Dubai style in thinking working and living.

### The world as oyster

If you look closely at what is happening in Dubai the term 'Middle East' can be seen in a new and exciting context. Dubai is truly in the middle-of-the-middle of a world where eastern workforces interconnect with western investment, where raw materials from – say Australia, are fed into a chain of production that uses the expertise of five nations and the machinery of ten more.

An Aluminium smelter, for example, could be established almost anywhere, regardless of climatic conditions, topography, population or any of a hundred variables, provided certain vital conditions are satisfied. Briefly,

these amount to: energy, supply of raw materials, an effective workforce, means to export the finished product, business confidence producing investment, a favourable commercial climate where tariffs, etc., do not constitute an obstacle, technical expertise and stable conditions in general. Dubai, sitting at the crossroads of the world, fulfills all these demands to perfection.

The business planners of Dubai have taken the world of instant communications and interlocking economies as it exists and – there is no better way of expressing it – made that world their oyster!



Aluminium Smelter, Jebel Ali

### Flag day in Dubai

If the foreign nationals working in Dubai were to pick a day to fly the flags of their respective nations, a point about internal co-operation would be demonstrated.

Jebel Ali it would be even telling. The companies based in establishing themselves already established as part of new industrialisation read Who's Who of international business and industry. They include Tube Investments, British Rail, Rothmans, Union Expresses and many more.

Ready in operation are: Bridge, BICC International and Norcen in addition to almost endless lists of operations from all parts of the world which are involved in the construction.

Partnership with Dubai interests exists on a large scale and Bridge is in partnership with A.W. Galadari in building a container plant.

Dubai National Cement

is already producing tons of cement per day. BICC International, in a joint venture with the Ruler himself, has formed

a company, Ducab, which will produce housewiring and power cables.

Overall, ultimate supervision and responsibility for the vast undertaking is firmly with Dubai. And it is all managed in a simple, unspectacular way. The offices

where decisions involving millions and even billions are made, are run by being unassuming to a degree. Dubai supremely justifies the saying that 'Big thinking is never done in big rooms.' The planners and entrepreneurs of Dubai are too involved with the task in hand to bother about external trappings. It is a style that works its way through to foreigners as well. Office doors are open, conversations are brisk and to the point. This harmony that underlines all undertakings big or small, seems to be taken for granted.



Workers at the Container terminal.

was clear, would have to be created.

Dubai has traditionally looked to trade and to the sea. These, therefore had to be the point of departure of industrial expansion. First, there would have to be a deep water port of huge capacity, the relevant industries that could make as much use as possible of raw materials that existed locally or could be economically brought in. From these and other simple expedients, concepts of the industrial future began to arise. The great Jebel Ali project was born.

### Getting it together

A Financial Consultant asked to comment on the way undertakings like the Jebel Ali project get off the ground described something he had seen from the window of his hotel in the centre of Dubai.

'The day I arrived, I noticed an open space. Not much more than a hole in the ground. Two weeks later, when I left, there was a building half completed. They were up to the second floor ...'.

By a mysterious intensity of effort results appear faster than you would think possible. What would

still be on the drawing board or merely in the mind somewhere else is already a concrete reality in Dubai.

It's like this at Jebel Ali. From the moment that Sheikh Rashid planted his walking stick firmly in the sand and said: 'Build it here things began to happen. The speed with which they happened is a matter of record. They were able to dock Britannia at Quay Ten during the Royal visit with construction well over a year ahead of schedule.

The financing of Jebel Ali came

first. Bearing in mind that Dubai, in common with the rest of the U.A.E. had been going through something of a recession following the four-fold rise in oil prices and, like the rest of the world, was not immune to inflation, it says a great deal about the confidence of international investment in Dubai that the major financing needed was accomplished smoothly and speedily.

Morgan Grenfell, lead managers for the Eurodollar loan make a significant comment.

'It is a most rewarding fact that a country like Dubai which, until a few years ago, was borrowing in drabs and drabs, was able to be presented to the market as a borrower capable of taking a loan which, even in these days is sizeable by any standards.'

In fact, the financing of the Jebel Ali project is a combination of external loans, and investment from the resources of Dubai itself. This reflects the same principles of thrift and control that characterise the technological planning.

### Which comes first – industry or infrastructure?

Michael Tingay, writing on infrastructure in the U.A.E. in the Financial Times last year said: '...the surplus revenue Oil State is a new phenomenon in the world, and it is difficult to predict its future.'

It would be idle to pretend that a country, where the foreign workforce greatly outnumbers the indigenous population, does not have infrastructure problems both physical and social.

Jebel Ali has to be seen as a massive onslaught on such problems. Since, in a material sense, things are being built where nothing exis-

ted before, all must be accomplished at a single stroke. But the evidence of development complementary to Jebel Ali is plain to see. New roads have been built. Services in the shape of water supply, housing, communications, parks, afforestation, shopping centres, etc., are springing up everywhere, and in Jebel Ali itself a whole new city is planned. All this is going forward in tandem with the building of plant and factories on the industrial sites and at the deep water port.

In human terms, the chief need is

for education and it must be said that the administration in Dubai is obsessed by it.

Jebel Ali is not conceived in terms of money and profit only – more important than these is its role in the future – the future of its citizens.

It concerns the ordinary citizens of the country.

Housing has been provided and all the material means to develop a new life. Education, most important of all, is free, right through from junior grades to university and beyond. There is no reason why the child of nomadic parents should not, in one generation, become a key member of one of the many enterprises now starting at Jebel Ali.

### Earth Station, Jebel Ali

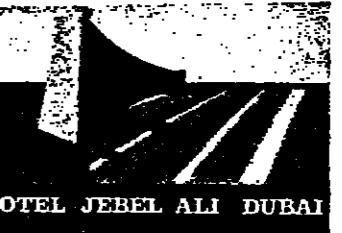
The huge reflecting disc at the top of the hill that is the 'Jebel' at Jebel Ali gives, at one glance, the clue to what is going on here. Cocked like a huge ear to its satellite partner thousands of miles out in space, it symbolises the importance of communications in every part of the undertaking. Inaugurated in 1975, the earth station took the Emirates into the space age. A decade ago there were no more than a handful of calls a day. Now it's normal if there are three thousand

### For space age executives, a grass golf course in the desert

Very little at Jebel Ali has been left unconsidered. From the start it was decided that there should be a hotel, as part of the industrial complex, that would provide luxury living and an opportunity for busy executives to relax on an unprecedented scale. This is the Hotel Jebel Ali. Now nearing completion, it will have a range of facilities that, in a single hotel, may well be unmatched anywhere in the world. Among major attractions there will be a golf course with real grass – the one and only in all Arabia. Three swimming pools linked but divided, will include a children's pool, one for adults, and a high dive pool. And when you are tired of these you can leave them for the pell-mell, turquoise-blue sea.

There is to be a yacht marina with shore arrangements that would look good in Cannes or Monte Carlo.

Businessmen, whether they like it or not, have time to fill between meetings and appointments. The Jebel Ali Hotel is dedicated to this 'filling' as pleasantly – and as healthily as possible.



HOTEL JEBEL ALI DUBAI

### A brand of leadership the business world accepts

There is no doubt that much of what is happening at Jebel Ali has been left unconsidered. From the start it was decided that there should be a hotel, as part of the industrial complex, that would provide luxury living and an opportunity for busy executives to relax on an unprecedented scale. This is the Hotel Jebel Ali. Now nearing completion, it will have a range of facilities that, in a single hotel, may well be unmatched anywhere in the world. Among major attractions there will be a golf course with real grass – the one and only in all Arabia. Three swimming pools linked but divided, will include a children's pool, one for adults, and a high dive pool. And when you are tired of these you can leave them for the pell-mell, turquoise-blue sea.

Interest in most of what goes on, the single-minded concentration on the task in hand at Jebel Ali has

filled the slipway from the word go.

Sheikh Rashid makes no secret of his pleasure at the success of the venture, and because it has fulfilled what was planned.

As with most of his policies, the Ruler's concept of the Jebel Ali Hotel is clear-cut. A basic for free enterprise, a strong currency, minimal government regulations, no foreign exchange controls and only nominal tariffs. And it goes a

lot further than that: no income tax, no capital gains tax, no estate tax, low labour costs and no unions.

It is a unique and inviting prospect stretching into the next century. But is there, perhaps, a tinge of regret for a way of life that is irretrievably past?

A young Dubai graduate comments on this briskly, quoting with considerable aplomb: 'The past is a foreign country. They do things differently there.'

### HOTEL JEBEL ALI ★★

Two new Hotels are being built in different parts of the state of Dubai: the five-star Jebel Ali and the Hatta Fort, a hotel so unusual that it defies normal classification.

Although they have been planned, and may be used quite independently of one another, the Jebel Ali and the Hatta Fort will actually provide an integrated experience that is unique.

Jebel Ali is by the sea and the Hatta Fort is in the mountains. Jebel Ali is dedicated to the international executive who has to space out his time between appointments and meetings. The Hatta Fort complements its sister hotel by providing a haven of absolute peace amid remote and thrilling scenery. The Jebel Ali Hotel will

### FORT HATTA HOTEL

have a real grass golf course; (the one and only in all Arabia), a yacht marina, a three pool complex and a list of aquatic and other activities that challenge comparison with any hotel in the world.

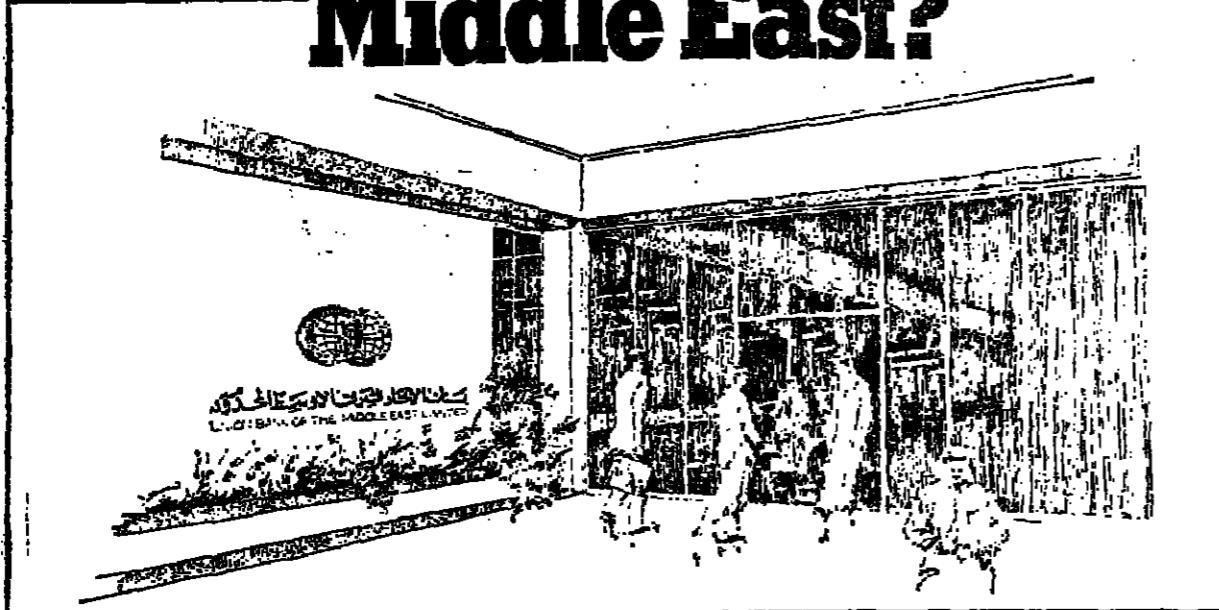
Apart from its swimming pool, beautifully appointed apartments and superb food, the Hatta Fort duplicates the Jebel Ali in very little. Bedouin feasts in authentic surroundings, champagne and caviare as a part of a weekend package – these are just a few of the attractions that are projected.

The Hatta Fort will join the effortlessly sophisticated with the simple and traditional, and it will do it in a way that is as real as the grass at Jebel Ali! Both hotels are designed to set new standards in international Hotel service and luxury.

Enquiries are welcome and bookings can be arranged to coincide with the opening dates. Contact

The Manager, P.O. Box 233; Tel: 6641345; Telex: 45491 DTCO EM.

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Extensive Real Estate Holdings in the Emirates.

## FACTS AND FIGURES

### For the traveller

#### How to get there

Direct and frequent flights are operated by British Airways and Gulf Air from London to Abu Dhabi and Dubai. Each of these emirates has an international airport, situated nine and two-and-a-half miles from the respective town centres. Services to both places are provided by several other airlines, but they usually involve transfer at an intermediate airport.

International airports are also operational at Sharjah and Ras al Khaimah, but flights to them are less plentiful than those to the two largest emirates. Domestic flights within the UAE and in the region generally are provided by Gulf Air, which has its headquarters at Bahrain.

Business visitors can usually obtain a visa in about 24 hours, but they will need a letter in triplicate from their company. United Kingdom citizens carrying passports which have the endorsement "holder has the right of abode" do not need to obtain a visa. They are usually given permission to stay six months on entry, and this can be extended on application for another two months. Those whose passports show evidence of a previous or intended visit to Israel may require a new passport to enter the UAE.

**Travel documents**

Generally speaking, visas are needed to enter the United Arab Emirates. These are obtainable from the embassy's consular section in London, on completion of three application forms and the submission of passport, three passport photographs.

#### Hotels (see maps)

Abu Dhabi:	Telephone	Telex
1. Al-Ayn Palace	22377	2227
2. Hilton	61900	2122
3. Khalifa Palace	62470	2506
4. Omar Kheyam	22101	2520
5. Zakhira	41940	2392
6. Ramaida	77260	2904

#### Dubai:

1. Ambassador	451000	45467
2. Astoria	434000	45817
3. Bustan	221261	45460
4. Hilton	470000	466712
5. Inter-Continental	227171	43779
6. Marine	434140	467712
7. Metropolitan	440000	46999
8. Oasis	225252/4	45494
9. Sheraton	281111	46710

#### Local travel

Abu Dhabi and Dubai are linked by frequent air service. Abu Dhabi and Sharjah are also connected in this way, but services are less frequent.

Most Britons travel between the two largest emirates by road; the network is now well developed throughout the federation.

Taxis are available in the towns and can be hired on an hourly basis by arrangement; meters are not used in all parts, but guides to fares are available. Taxis outside hotels tend to be more expensive.

Modern air-conditioned cars can also be hired, but businessmen wishing to drive themselves are required to obtain a temporary licence from the traffic police.

**Currency**

Within the emirates the monetary unit is known as the dirham. It is composed of 100 equal units, each known as a fils. Notes are issued in denominations of five, 10, 50, 100 and 1,000. There are one, five, 10, 25 and 50 fils coins and a one dirham coin. The pound is worth 3.49 dirhams.

#### Health and water supplies

Four endemic diseases exist apart from malaria, for which visitors are advised to take paludrine (the more northerly emirates are the most susceptible). Europeans sometimes suffer mild bouts of enteritis and prickly heat.

Abu Dhabi, Dubai and Sharjah have good medical facilities and services are adequate elsewhere. European doctors and dentists have private practices in some parts.

It is advisable to check inoculation and vaccination requirements with the UAE embassy in London before leaving, but smallpox and cholera certificates may be needed.

Sweet well water, piped from inland, is available in Dubai and Sharjah. Distillation plants provide Abu Dhabi's town supply and many expatriates boil and filter supplies, particularly during the summer.

#### Hours of business

Saturday and Sunday are normal working days, with Friday the day off. Private firms and shops in Abu Dhabi are generally open from 8 am until 7.30 pm from Saturday to Thursday in the summer, with a break between 1 and 4 pm. In the winter the break is generally taken from 1 to 3.30 pm, and closing time is at 7 pm. The northern emirates' times are more variable.

Abu Dhabi's banking community operates from 8 am until noon from Saturday to Wednesday, and from 8 am until 11 am on Thursday. In the northern emirates an extra hour, until noon, is worked on Thursdays.

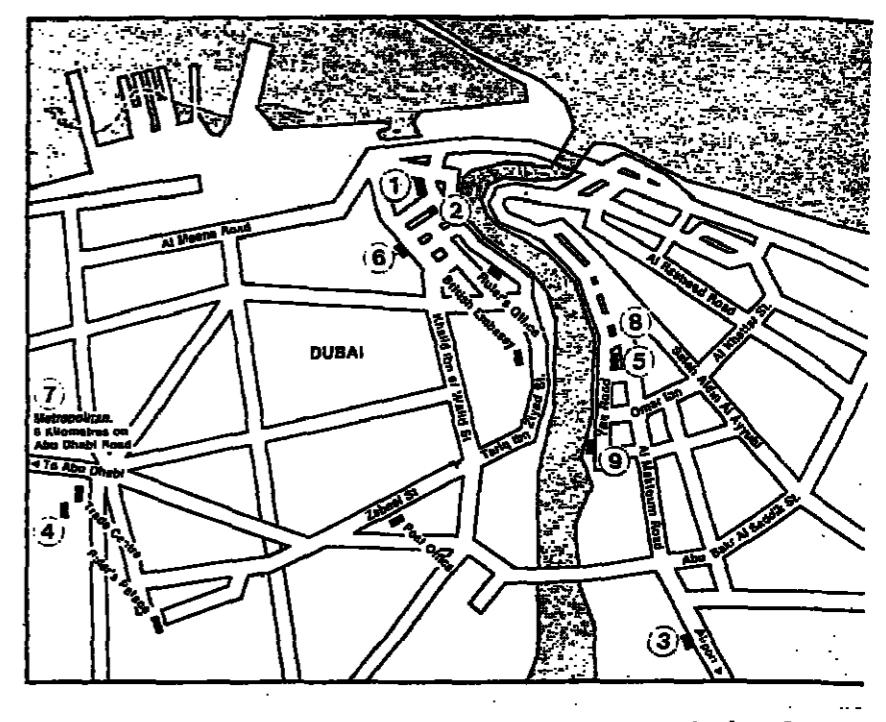
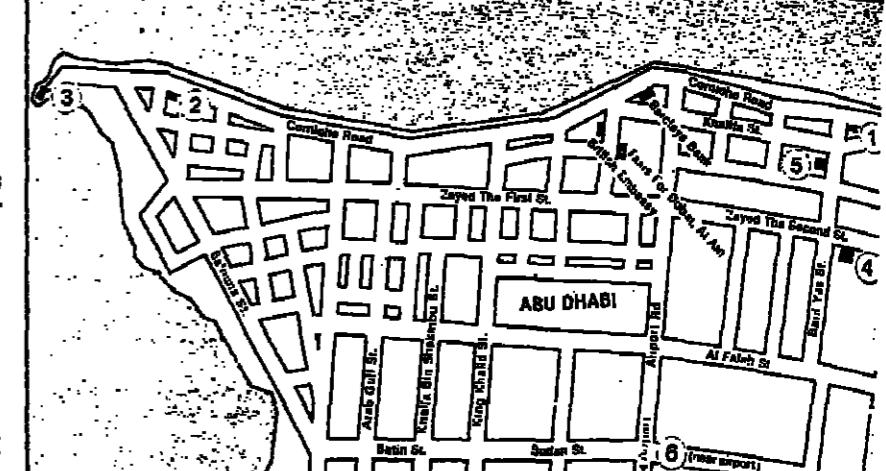
In the winter government offices throughout the UAE open from 8 am until 2 pm from Saturday to Wednesday, and from 8 am until noon on Thursday. In the summer the hours are 7 am until 1 pm, with the exception of Thursday, when closing time is 11 am.

The oil companies in Abu Dhabi are active from 7 am until 2 pm Saturday to Wednesday, closing at 1 pm on Thursday. In the northern emirates the hours are generally 7 am until 1.30 pm throughout the week (Friday excepted).

#### What to wear

In summer open-necked shirts are the rule for men, rather than the exception, even in government offices. But lightweight suits are advised when attending formal meetings, particularly with government officials. Very light but modest dresses are practical for women.

During the winter European-style summer clothing will suffice. Pullovers, cardigans or light raincoats may be needed from January to March—remember that temperatures fall rapidly at



### General

#### The President

His Highness Shaikh Zayed bin Sultan al-Nahyan, President of the UAE and Ruler of the emirate of Abu Dhabi, was born circa 1916. He is the grandson of Shaikh Zayed bin Khalifa—Zayed the Great—and the youngest brother of Shaikh Shakhbut, who led the country from 1927 to 1966, and was governor of Abu Dhabi's Eastern Province before his brother abdicated in August 1966.

Dubai ranks second both in area and population (about 300,000), its port serves as one of the main points of entry for goods arriving both for the UAE and for the interior of the sultanate of Oman. It is regarded as the federation's main commercial centre, and like Abu Dhabi it has an international airport.

**Country**

Six of the emirates lie along the coastline of The Gulf. The seventh, Al Fujayrah, is on the Gulf of Oman. To the south and west Saudi Arabia, and to the north-west the peninsula of Qatar.

Much of the 32,280 sq miles of the UAE is barren, with low salt plains along the coast and an extensive desert area in the interior; this leads, in the south, to the uninhabitable Rub al-Khalid, or Empty Quarter. To the north-east there is Hajar, a volcanic, mountainous area. The Gulf coastline extends for nearly 400 miles, with shallow seas, coral reefs and a large number of islands, most of which are uninhabited; the UAE's Gulf of Oman shoreline is about 60 miles long.

**Main cities**

Largest of the emirates is Abu Dhabi, which stretches from the Qatar Peninsula in the west to Dubai in the east. Abu Dhabi town, which serves as the UAE's capital and administrative centre, stands

eradication of such p as slave and arms and by the early Britain and the sha were firmly linked.

When British forc withdrawn from the 1971, Britain's resp for the Trucial Sta ceased, and the te came into being.

#### Population

According to offici mares made at the 1978, more than people live in the emirates. Abu Dhabi about 360,000, of wh 15,000 are Eur large numbers of Pakis Norther and people of other alities have mad homes there. About quarters of the po are non-national, a outnumber women t seven to three. Ti half a million in the northern em Islam is the pr freedom of worship

#### Shopping

Modern department stores exist in Abu Dhabi and Sharjah, suppl extensive range of u consumer goods. B visitors find the tr Arab suks particula cinating. These ite both Dubai and which spent hea developing and bu a British design, on most beautiful bu the Middle East as

"Business hours".

#### Language

Arabic is the offi language, but English is spoken among busi

Interpreters are loca

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## Industry and politics

## Government

UAE's constitution's highest is the Supreme Council which consists of rulers of the seven states. Its main tasks are general policy, Federal Acts, and resident and vice. The consent of all members, including Abu Dhabi, is required for important decisions.

On is drawn up by the Councils. This body's leader is appointed by the ruler, after consulting his colleagues in the Council. The also appoints the prime minister on the recommendation of the prime minister.

ng National Council assembly, where necessary amend Bills submitted by the Council of the

The ruler of each emirate appoints a committee to serve on this body, normally choosing his most prominent member. Abu Dhabi each has eight members; Sharjah and Ajman appoint six; the remaining 12 are shared equally by the three emirates.

Minister : Shaikh Said al Maktoum. Ministers : Shaikhs Mohammed and Rashid

Agriculture and said al Raghibi Communications and said al Mulla. Defence Sheikh bin Rashid

Economy and Sheikh Sultan al Mualla

Education and D. Salman

Finance and In. Sheikh Hamdan bin

Information and Sheikh Ahmed bin

Interior Minister Shaikh Mubarak bin Mohammed

Minister of Health Hamad Abdul Rahman al Mafra

Minister of Justice and Islamic Affairs Mohamed Abdur Rahman al Bakr

Minister of Labour and Social Affairs Saif al Jarwan

Minister of Petroleum and Mineral Resources Dr Mana Said al Oraiba

Minister of Planning Said Ghobash

Minister of Public Works and Housing Mohammed Khalifa al Kindi

Minister of Water and Electricity Humaid Nasser al Owais

Minister of State Shaikh Ahmed Sultan al Qasimi

Minister of State for Cabinet Affairs Saif al Ghairi

Minister of State for Foreign Affairs Rashid Abdulla

Minister of State for Internal Affairs Hamouda bin Ali

Minister of State for Supreme Council Affairs Shaikh Abdul Aziz bin Humaid al Qassimi

Embassies

UAE Embassy in London:

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Telephone 01-581 1281

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Minister : Mahdi al-Tajir

Minister : Mirza Husain Hasan al-Sayegh

Consul General (Consular Affairs) : Nabil Hjazi

First Secretary : Hussein Saleh Hussein (Finance and Administration)

and Abdul Aziz Mohamed Amin (Commercial Affairs)

British Embassy in Abu Dhabi: P.O. Box 248, Abu Dhabi, UAE. Telephone 26600

Ambassador : David A. Roberts

First Secretary, Head of Chancery and Consul : D. R. MacLennan

First Secretaries : W. C. Hodges (Commercial), D. R. Spedding and R. L. Owen

British Consulate in Dubai: PO Box 65, Dubai, UAE. Telephone 431070

Consul-General and Counsellor : D. K. Haskell

First Secretary (Commercial), and Consul : G. M. Gowland

Second Secretaries : B. Hanbury (Commercial), R. M. Publicover and R. F. D. Defense (and Vice-Consul).

## The economy

The oil sector provides almost three quarters of the UAE's gross domestic product. Of the seven states, Abu Dhabi produces about four fifths of the oil and Dubai much of the rest.

Total oil revenues for 1979 are estimated at \$12,500m compared with \$8,600m in 1978 and \$9,100m in 1977 (at roughly the same volume of sales as in 1979) reflecting the massive price increase imposed last year.

A considerable rise in capital spending should take place in the current financial year, according to the draft federal budget announced in December by Shaikh Rashid, Prime Minister of the UAE and the Ruler of Dubai.

The draft budget provides for total expenditure of 11,250m dirhams (\$3,960m) against 9,700m dirhams (\$2,550m) in 1979. Within this figure, capital spending in the latest budget is given as 1,500m dirhams (\$294m) from 1,100m dirhams (\$290m) in 1979.

Recurrent expenditure is to rise to 8,900m dirhams (\$2,340m) from the previous 7,800m dirhams (\$2,050m).

The federation has one of the highest per capita incomes in the world at an estimated \$16,000 in 1978.

Banking

More than 50 banks operate in the UAE, but business is dominated by the National Bank of Abu Dhabi, Bank of Credit and Commerce International, and Khaliji Commercial Bank.

The Offshore Banking Unit (OBU), established in 1976, has five licences: American Express International Banking Corp., Amsterdam-Rotterdam Bank, Banca Commerciale Italiana, Bank of Nova Scotia, and Banco Urquiza.

Aluminium

The Dubai aluminium smelter is a \$1,400m project nearing completion at Jabel Ali. It is a smelter and desalination (fresh water making) plant combined.

Dubai Aluminium (Dubal), which controls the smelter, is owned 80 per cent by the Dubai Government and 20 per cent by a Grand Cayman company, Alusmelter Holdings.

**Oil and gas**  
It was in 1960 that oil deposits were discovered in the region which now forms the UAE. The initial find, west of Abu Dhabi city, was followed by discoveries in Dubai and offshore in The Gulf. Later, Sharjah became an oil producer and, in 1978, Ras al Khaimah.

The UAE ranks in eighth position in the production league of Opec's 13 member countries with an output of nearly 100 million barrels or more than Britain obtained from the North Sea.

Known reserves in the emirates are estimated to be sufficient for at least 30 to 40 years at current rates of production.

Abu Dhabi accounts for 80 per cent of UAE's total oil production. Operations are controlled by the Government through the Abu Dhabi National Oil Co (ADNOC) which has 60 per cent holdings in two oil producers—the Abu Dhabi Marine Areas Operating Co (ADMA-OPCO) and the Abu Dhabi Co for Offshore Petroleum Operations (ADCO).

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Gross domestic product—market prices

Comprising :

Workers' wages and salaries (domestic) 10,571 11,269 12,609

Operating surplus 31,097 40,582 37,205

Workers' wages and salaries (from abroad) -2,804 -3,240 -3,592

Property and entrepreneurial income (from abroad) -1,225 -625 245

Indirect taxes -246 -623 -600

National income—market prices

37,391 47,363 45,867

Source : United Nations statistics

Total supply and demand (dirhams m)

1976 1977 1978

Gross domestic product at market prices 43,637 54,443 53,338

Imports of goods and services 14,977 21,735 22,224

Total supply 58,614 76,178 75,552

Export of goods and services 35,269 40,186 38,260

Consumption

— Private 5,108 10,418 11,601

— Public 4,836 6,369 7,208

Gross fixed capital investment 12,559 18,363 18,364

Change in stock 842 842 129

Total demand 58,614 76,178 75,552

Source : United Nations statistics

United Arab Emirates' exports to Britain (£m)

1978 1979

Crude petroleum 219.66 191.18

Machinery 9.68 17.21

Silver 0.61 14.28

Vegetables and fruit 0.66 0.11

Special commodities and special transactions 37.79 3.37

Other goods 2.17 10.92

Total 270.57 237.07

British Exports to UAE

1978 1979

Machinery and transport 210.65 253.05

Including :

Power generating equipment (40.64) (44.05)

Electrical machinery (39.70) (57.33)

Road vehicles (20.25) (27.64)

Manufactured goods (104.29) (106.25)

Including :

Iron and steel (19.52) (24.41)

Chemicals 33.56 38.96

Food and live animals 14.46 13.30

Furniture 6.76 9.11

Scientific instruments 8.70 9.37

Beverages 4.27 4.45

Cigarettes 4.60 7.73

Other goods 48.05 45.98

Total 435.34 488.20

Overseas trade (SUS m)

Country 1977 1978 Jan 1979

Sources of UAE's imports :

Britain 921 957 1,057

Japan 978 988 1,000

United States 575 647 670

West Germany 488 561 468

France 175 251 331

Italy 186 201 298

Netherlands 155 253 231

Saudi Arabia 123 74 n/a

India 212 159 n/a

Rest of the World 1,373 1,296 n/a

Total 5,186 5,385 n/a

Markets for UAE's exports :

Japan 2,508 2,292 4,519

United States 1,583 1,041 1,751

France 1,179 1,189 994

West Germany 607 311 919

Netherlands 632 632 403

Britain 546 450 417

Spain 336 475 515

Iran 126 147 n/a

Netherlands Antilles 662 878 n/a



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## UNITED ARAB EMIRATES

# Large sums invested in experimental schemes

Few parts of the world outside the polar regions would appear to have as little agricultural potential as the United Arab Emirates, consisting as they do almost entirely of sand and salt flats. There are only three regions within the emirates where agriculture is possible as the result of the natural presence of fresh water, and these amount at the most, to only 5 per cent of the total area.

The largest and most important is the emirate of Ras al Khaymah, the northernmost of the seven emirates of the UAE, which lies along the edge of the Hajar mountains. The precipitation over these mountains, particularly in winter, is considerably greater than elsewhere in the region, and enables the land at the foot of the mountains to be irrigated.

To the south of Ras al Khaymah is the Buraimi

group of oases, which also derive their water from the Hajar mountains. The majority of these oases lie within Abu Dhabi, a part of the UAE, and the remainder in Oman.

Finally there is the Liwa, a phenomenon found in the high dunes of the south of Abu Dhabi towards the border with Saudi Arabia. This is a group of oases scattered over a large area, and consisting almost entirely of date groves tended seasonally by the Beduin.

The principal limitation on agriculture is, of course, the availability of water. In Ras al Khaymah irrigation is obtained from wells, while in the Buraimi oases it is obtained largely by the

This system was introduced into the region many centuries ago by the Persians, who devised a method of tapping the water table

at the edge of the Hajar range, and conducting the water by a series of subterranean channels to the area to be cultivated, where it was brought to the surface.

This has proved to be a most efficient system, as little water is lost by evaporation, and there is an almost constant and unvarying flow.

Now there are plots for dams in the wadi beds to hold flood water from the mountains which would otherwise flow wastefully into the sea. In the coastal areas desalination of seawater is used to get fresh water, but this is expensive for irrigation purposes.

The government exper-

imental farm at Dibdaga in

Ras al Khaymah, which was

started over 20 years ago,

is the oldest and largest agri-

cultural centre in the UAE.

Here there are nearly 400

acres of crops, and in the

winter large quantities of

vegetables are grown, which

are marketed throughout

the emirates.

There is also a herd of

Friesian cattle and an agricul-

tural school. Experiments

are carried out with various

types of livestock including

goats, and with fruit and

vegetables. Considerable incen-

timents are offered to

local farmers to improve

their methods and stay on

the land, but a steady drift

continues to more lucrative

occupations in the town.

Much progress has been

made in agriculture at Al

Ayn in the Buraimi oasis,

largely because of the

enthusiasm and interest of

Sheikh Zayed bin Sultan al

Nahyan, Ruler of Abu

Dhabi and President of the

UAE. More winter wheat,

vegetables and fruit are

being grown, but problems

are looming up.

Reserves of ground water

are being used on an ever-

increasing scale, even though the introduction of drip-irrigation has brought about a 75 per cent saving over the traditional flood irrigation method. Salinity

has risen drastically. Never-

theless, in spite of difficult-

situations, production of vege-

tables has reached 55,000

tons a year.

The UAE now intends to increase greatly the areas of

cultivable land. This will in-

volve the construction of

dams in the eastern and

northern mountains, the

sinking of new wells, bring-

ing in foreign experts, and

taking part in regional and

international organizations

for developing arid land

with new technology.

The federation is to par-

ticipate in a £90m pan-

Arab company to be estab-

lished in Dubai for promot-

ing agro-industrial invest-

ment, after a decision by

the Union of Arab

Chambers of Commerce, In-

dustry and Agriculture in

Dubai. Sheikh Rashid bin

under shelter, but the cost is considerable.

Other experimental

schemes are run at Al Ayn

by the French and Japanese.

A multi-million-

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Damascus-based

Centre for Arid Zone

Dry Lands.

The Ministry of Agric-

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Said al Maktum, Vice

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the emirate of Al

Fujairah, which only has a

coastline in the Gulf of

Emirati citizens and expatriates from many countries have teamed together to develop the federation. The work of four of them—a leading businessman, a British ex-ambassador, a doctor, and an oil expert—is examined here

## Ears in the right place

Mr al Gurg, chairman of Grindlays Bank Group, speaks of imperturbable confidence in the future of the Gulf. He has all his life there. He is thus a citizen of the UAE—the only nation-born Arabs are citizens of The Gulf. His forefathers were pearl merchants and harnessing first, and then with the unshakable Arab character. He has all his life there. He is thus a citizen of the UAE—the only nation-born Arabs are citizens of The Gulf. His forefathers were pearl merchants and harnessing

The young Mr al Gurg was sent to a Koranic school built on a hillside and would have learned English at all if it had not been for an Indian doctor. The doctor found time to teach the language at a small school.

Thirty-five years ago Mr al Gurg joined the British Bank of the Middle East (now part of the Hong Kong Bank) as a clerk. This became his springboard. He was noticed by his managers, and in 1956 the bank arranged for him to go to England for four months to "polish up my English", as he puts it.

His interests which he made a formidable contribution to communications, especially furniture, and other household buildings and chemicals, explosives, and heli-copters, and he puts it.

He has been polishing it area. The oil began to flow in the area; that Mr al Gurg saw his opportunities. He left the bank as a full-time employee to establish his own business, but he did not sever all connexion with the bank. He remains now its "local representative"—needed is a "wee bit of administration".

He has two sons, and three daughters, all Muslims like himself. The elder son went to Crawley College in Britain to study business administration, and has now joined his father's activities. The second son is in Philadelphia studying the same subject with the same purpose.

One daughter is the principal of a school in Dubai, and the other two daughters at school in England. Who can say that with men like Mr al Gurg in the saddle, the Gulf have been cut?

Jerome Caminada

Mr al Gurg, chairman of Grindlays Bank Group, speaks of imperturbable confidence in the future of the UAE—the only nation-born Arabs are citizens of The Gulf. His forefathers were pearl merchants and harnessing

the 1958 civil war in Lebanon imposed for a as a "traitor"; but the Palestine Liberation Organization, which had been policing the area, gave him four bodyguards who for two weeks accompanied him everywhere.

After all this, the firm in Dubai suggested that it was high time he moved there permanently, which at last he did. A rather grandiose scheme for building a large new clinic on empty ground away from the town centre fizzled out, and he almost abandoned his plans. His wife persuaded him to persevere, and with loans from the banks he converted a flat into a well-equipped centre where he now practices, with a partner.

Perhaps he regretted this decision, when ultimately turmoil and slaughter returned to Lebanon in the mid-1970s. He had become consultant to an American firm in Dubai and during one of his visits to The Gulf—made while it was still possible, although risky, to take flights from Beirut—his clinic in Beirut was first looted, and then burnt.

When his wife, and later he himself after he had returned, tried to find out the reason for this, their

No sooner was he beginning to establish himself, money required. Then he

rejoined her family in Damascus, Dr Ayoub travelled to Abu Dhabi, then a tiny habitation on The Gulf whose inhabitants made a living from pearls and diving trade. The young doctor set up a clinic under a tent on the sand, and one of his patients was the Ruler of Abu Dhabi at this time, Shaikh Shakhbut.

After a year Dr Ayoub went to Lebanon to be consultant at the Iraq Petroleum Company's hospital at Tripoli. For eight years he was spared disturbances, but its aftermath cut off the flow of patients from The Gulf and elsewhere, and the doctor decided to move to Beirut to practise there.

He failed. Ibrahim went to Lebanon and graduated from University in Lebanon, and gradually

he found himself in debt, and

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## Communications

# Ancient caravan routes transformed into highways

tions in all constitute one of the Arab Emirates' priorities, and for this reason. First, for those together the routes which make up the modern network of the states; then the modern development of the states; then a transport or trade route with g countries.

provided the spectacular development in the Gulf, but most richly countries realize that and must the sole foundation.

four airports—one each in Dubai, Sharjah, al Khayman, and the inter-island traffic, and to some extent between them, though for the direct road links developed make flying a rather than

also landing aircraft at on the Oman side, a further airport is to Das Island, and an emirate of

original port at Jebel Ali port.

airports are now about 30 international and non-scheduled flights. Extent will double size and give more comfort.

Government played at the aviation staff, customs, caterer, security staff—individual air-

United Arab Emirates, as well as of Bah and Oman, pro- direct flights from Amsterdam, and several cities, besides frequent in and out.

AE's airport has a appearance, a reduced prob- come these an international building built at a cost of 100 million dirhams, led to open in

oil, the Emiratis importers, ports to establish racing as a new port of Jebel Ali a little to the south-west along the coast has also come into operation. It was opened by Queen Elizabeth last year, and will be completed in 1981. It is designed for industrial work and large shipments for The Gulf.

Port Zayed at Abu Dhabi has increased its number of deepwater berths to 18 within the past three years.

Sharjah's port had the first container terminal in the emirates and is aiming in this way.

If the main highways are

good, there is still some congestion in the cities, and rush hour traffic in Dubai compares with that in London, although Dubai provides more spectacular opportunities for queuing.

In 1976 the Emirates

Telecommunications Cor-

poration was established by

the government, and the

telephone and telex ser-

vices are being developed

to meet the expanding busi-

ness and private demands.

It will be in the Abu Dhabi

emirate and will be linked

with the Atlantic satellite to

work smoothly and effi-

cienly.

The Jebel Ali earth sat-

ellite station, built at a cost

of 20m dirhams, was opened

between two sections of the

Sultanate of Oman.

Fujairah's own shore

highway joins the Oman

coast road running south-

wards, so that except for

the extreme northern penin-

sula jutting out into the

Strait of Hormuz the whole

of this part of the Arabian

coast is accessible by mod-

ern roads.

Dubai also acts as a crew

change centre, which aids

the town's cheaper hotels.

While Port Rashid con-

tinues to expand, the new

port of Jebel Ali a little to

the south-west along the

coast has also come into

operation. It was opened by

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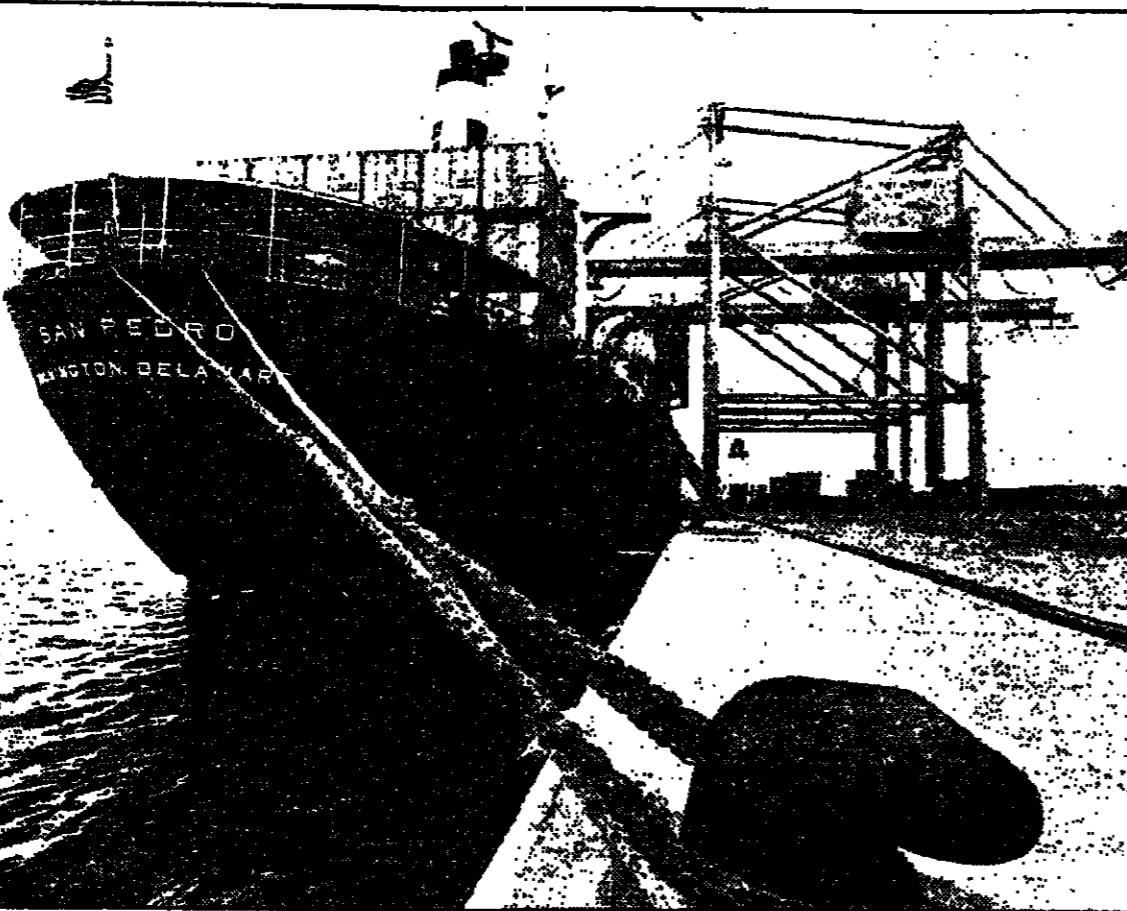
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Strait of Hormuz the whole

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coast is accessible by mod-

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A container ship at Jebel Ali port.

ports, and several new ones are being built.

Dubai has so far handled more than 60 per cent of the total value of imports entering the emirates through Abu Dhabi and Dubai, and most of this comes through Dubai's Port Rashid. It has a refrigerator terminal and a bonded refrigerator warehouse for frozen goods. Two years ago the agents for two big shipping lines also started their own bonded freezing in Dubai.

These and other developments reflect Dubai's aim to be a transit goods centre for cargoes coming in by sea for reexport by air or land. This began with shipping from the east bringing in cargoes which were then flown on to West Africa. The system has developed because the facilities are good and bureaucratic delays slight.

Dubai also acts as a crew change centre, which aids the town's cheaper hotels.

While Port Rashid continues to expand, the new port of Jebel Ali a little to the south-west along the coast has also come into operation. It was opened by Queen Elizabeth last year, and will be completed in 1981. It is designed for industrial work and large shipments for The Gulf.

Port Zayed at Abu Dhabi has increased its number of deepwater berths to 18 within the past three years.

Sharjah's port had the first container terminal in the emirates and is aiming in this way.

If the main highways are

good, there is still some

congestion in the cities,

and rush hour traffic in Dubai

compares with that in London,

although Dubai pro-

vides more spectacular

opportunities for que-

uing.

In 1976 the Emirates

Telecommunications Cor-

poration was established by

the government, and the

telephone and telex ser-

vices are being developed

to meet the expanding busi-

ness and private demands.

It will be in the Abu Dhabi

emirate and will be linked

with the Atlantic satellite to

work smoothly and effi-

cienly.

The Jebel Ali earth sat-

ellite station, built at a cost

of 20m dirhams, was opened

between two sections of the

Sultanate of Oman.

Fujairah's own shore

highway joins the Oman

coast road running south-

wards, so that except for

the extreme northern penin-

sula jutting out into the

Strait of Hormuz the whole

of this part of the Arabian

coast is accessible by mod-

ern roads.

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Tourism

## Area to play as well as work

To speak of the possibility of tourism in The Gulf heading expansion seems fanciful and unrealistic. Oil—yes, and business expansion in multiple foreign, is still less than one million, and only a small minority is affluent enough to use the hotels for entertaining or relaxation. The new hotels are good, but expensive.

"What would tourists do there?" or "What about the awful summer heat?"—these are questions which people at once ask.

The idea, however, is not so preposterous as it sounds. For five months of the year the climate is acceptable and even agreeable. In early February, this year, for example, I found it too cold to wear a light-weight suit. And there are activities to interest the tourist.

In the United Arab Emirates, situated on what used to be called the Trucial Coast, the impulse towards tourism comes from the hotels. Whereas two or three years ago there were too few hotels to accommodate the influx of international businessmen and two or three houses or flats for each foreigner coming to work on contracts of two years or more, now there are too many of both.

The pendulum has swung right back. The number of visiting businessmen has passed its peak, but the number of beds waiting to be filled continually grows. This abrupt seesaw of demand and supply is one example, an average of

about 70 per cent occupancy is needed to make the venture worthwhile.

This hotel began to take guests last year but was officially opened late last January. Last summer it had 65 per cent occupancy, rising later to 80 per cent. It is run on a management contract.

These figures—and other hotels seem to have done as well—are pleasing enough, but can they be maintained? A feed-in from an airline is important in this respect; Air France is now flying its Airbus A300B to Abu Dhabi and Dubai, and hopes that more seats will gradually be filled by tourists.

An intriguing point here, by the way, is that the ornate interior decoration and furnishing of this French hotel in Arabia—the Abu Dhabi Meridien—was in the hands of a British firm—Courtaulds Contract Furnishings: an unusual feather in a British cap.

Today the rates at such hotels are between about £40 and £50 a night for room and bathroom alone, including taxes and service charge. If tourists are to be attracted, these rates will have to come down. In the Sharjah area a figure of about £25 a night is spoken of.

Even that would be too high for most Western tourists, and the question is whether package tours can be sold. A few German tourists have been to Sharjah, particularly to Khor Fakkan (Falkan Bay) on the Gulf of Oman side of the emirate, which is being developed into a retreat for holidays and weekends. The Germans who went to Sharjah paid about £550 for a return flight by the Jordan line Aria, and half board for two weeks.

Hotel staffs in the UAE are almost all foreign, from bellboys to general managers: German, French, British, Indians, Pakistanis, Filipinos, Malaysians, Koreans, even South American musicians—they are all there.

The foreign executives who have staked their reputations and the local Arabs their money, in launching the hotel, seem sanguine about the prospects over the next five or 10 years. They see no collapse of government in the UAE as happened in Iran.

They argue that there is no religious gulf between the rulers and the people as emerged in Iran, and that the locally-born citizens are well cared for. As to the foreigners who get good money tax-free, if they were active as muckrakers either their contracts would not be

renewed, or they would be summarily deported.

So much for the economics of bringing tourists. Once there what would they do and see? On the whole there is more to do in the further regions of the UAE.

The bustle and hustle, for example, of the wide trading creek at Dubai, which you can cross in a crowded motor boat "ferry" for the equivalent of just 3p; the beaches and water sports of both coasts of Sharjah, and of the other northern emirates—these are worth while.

The area inland is now traversed by a network of earthen highways making the interior far more accessible than before. Roads cut through the stark mountains which run from south to north out of Oman, and which themselves make the landscape more picturesque to the tourist's eye, than mere desert.

Before driving from Sharjah town on the Gulf side to Khor Fakkan, 85 miles away on the Oman side, the traveller will undoubtedly be taken to see the new oil. This market or bazaar is a building of separate parts with elegant wind towers rising from each semi-circular roof, which somehow make the whole look like a series of toy railway engines.

Abu Dhabi, of course, has beaches, too, and visitors might be drawn to archaeological work at Al Ain inland. But Abu Dhabi does not need the revenue derived from tourists, and is a bit wary of the influences some might bring. A concerted drive by the hotels there will be needed to overcome such doubts.

Jerome Caminada

TV and newspapers

## Broadcasts for home lovers

The Arabs of The Gulf are great home lovers, so radio and television play a much greater part in their leisure time than is the case in the West. During the summer months it is too hot to indulge in any outdoor sporting activities. Similarly, television is more prominent in the lives of expatriate Europeans in the UAE than would be the case in Europe, where there are many other activities to occupy one's leisure hours.

The UAE's radio services are broadcast from Abu Dhabi, Dubai, Sharjah and Ras al Khaimah. Naturally they all broadcast principally in Arabic for their local audiences. Abu Dhabi also broadcasts regular news and other programmes in

English, French and Urdu. The Dubai Broadcasting Service broadcasts on both medium wave and vhf. There is a daily broadcast of mainly taped music on vhf, which includes two live shows, hosted by disc jockeys, broadcasting daily from 9 am to 11 am and from 6 pm to 7 pm. English news summaries are read regularly throughout the day. English programmes are also broadcast daily for six hours on medium wave 271 metres. The BBC World Service can be obtained on medium wave 213 metres at certain times during the day throughout the UAE.

Local television, which has been in operation in Dubai since 1969, has three channels, which show Arabic Abu Dhabi, which contains programmes and popular government information on

English and American series, and there is comprehensive coverage of local news. Dubai colour television channel 10 shows a selection of Arabic and English programmes from 6 pm to 12.30 am. Dubai colour television channel 33 is comparatively new and transmits English programmes mainly in black and white on Doha in Qatar and from Muscat in the Sultanate of Oman are easily received in the UAE and vice versa. The local news in English is broadcast each evening on Abu Dhabi television.

Local television, which has been in operation in Dubai since 1969, has three channels, which show Arabic Abu Dhabi, which contains programmes and popular government information on

the UAE and international news. The *Khaliji Times* is published in English language daily in Dubai, and there is also an English language evening paper published in Dubai called *Gulf News*. *The Recorder* is a daily English language news-sheet which circulates in Sharjah as well as in Abu Dhabi and Dubai.

Besides the English language newspapers published in the UAE there is the *Gulf Weekly Mirror*, published in Bahrain and the original English language newspaper published in the Gulf, which circulates widely in the UAE and the rest of The Gulf. A more recently published in daily English language newspaper in Bahrain which circulates throughout the UAE

Tim Owen

Illumination accentuates the lines of this mosque in Dubai.

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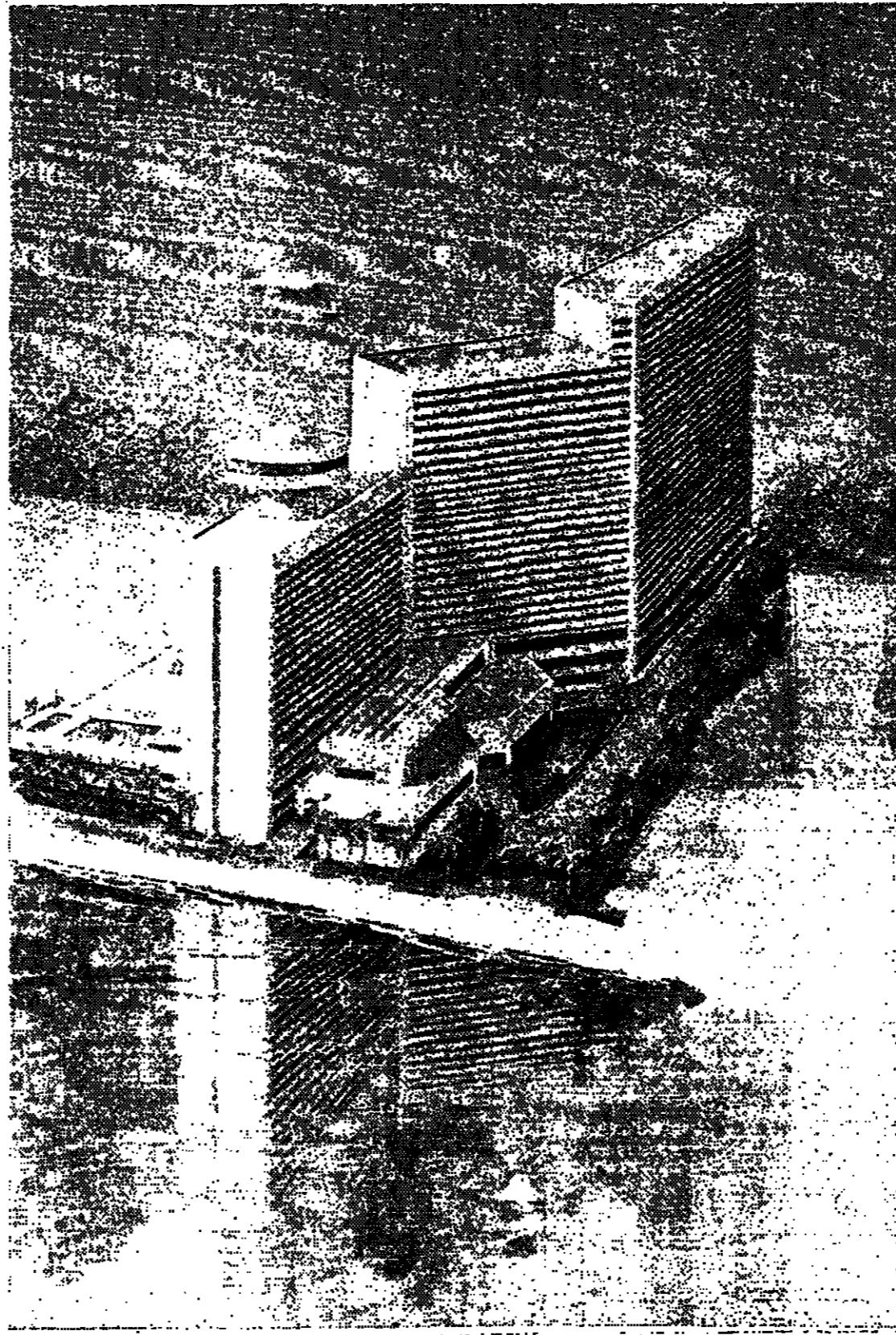


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